



**ALAMEDA COUNTY  
COMMUNITY  
FOOD BANK**

**FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION WITH  
INDEPENDENT AUDITOR'S REPORT  
AND REPORTS ON INTERNAL CONTROL AND  
COMPLIANCE THEREON**

Years Ended June 30, 2014 and 2013

## TABLE OF CONTENTS

	<u>Page</u>	
Independent Auditor’s Report.....	1 – 2	
 Financial Statements:		
Statements of Financial Position.....	3	
Statements of Activities .....	4 – 5	
Statements of Functional Expenses .....	6 – 7	
Statements of Cash Flows.....	8	
Notes to Financial Statements.....	9 – 23	
 Supplementary Financial Information:		
Schedule of Expenditures of Federal Awards.....	25	
Schedule of Other Government Awards .....	26	
 Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....		27 – 28
 Independent Auditor’s Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133 .....		29 – 30
Schedule of Findings and Questioned Costs .....	32 – 33	
Summary Schedule of Prior Year Audit Findings .....	34	



LAUTZE & LAUTZE  
CPAs & FINANCIAL ADVISORS

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Alameda County Community Food Bank  
Oakland, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of *Alameda County Community Food Bank* (the Food Bank), which comprise the statements of financial position as of June 30, 2014 and 2013, 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.

To the Board of Directors  
Alameda County Community Food Bank

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of *Alameda County Community Food Bank* as of June 30, 2014 and 2013, 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.

***Other Matters***

***Other Information***

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditure of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and schedule of other government awards are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 6, 2014, 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 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 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 the Food Bank's internal control over financial reporting and compliance.

Lautze & Lautze

San Francisco, California  
October 6, 2014

**ALAMEDA COUNTY COMMUNITY FOOD BANK**  
**STATEMENTS OF FINANCIAL POSITION**  
June 30,

	2014	2013
<b>ASSETS</b>		
Cash and cash equivalents	\$ 3,690,696	\$ 3,205,734
Grants receivable	771,906	204,842
Promises to give	233,333	17,500
Shared maintenance and other receivables	102,439	70,486
Inventory	2,368,146	1,739,072
Prepaid expenses and deposits	136,032	131,877
Investments	3,559,819	4,254,487
Property and equipment, net	10,139,542	9,198,734
Total assets	\$ 21,001,913	\$ 18,822,732
 <b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 356,911	\$ 234,982
Accrued compensated absences	292,646	267,119
Deferred revenue	99,718	13,312
Note payable	97,500	-
Total liabilities	846,775	515,413
 Commitments and contingencies		
Net assets:		
Unrestricted:		
Undesignated	419,048	387,192
Board designated appropriations	9,089,352	8,579,939
Property and equipment, net	10,139,542	9,198,734
Total unrestricted net assets	19,647,942	18,165,865
Temporarily restricted	507,196	141,454
Total net assets	20,155,138	18,307,319
Total liabilities and net assets	\$ 21,001,913	\$ 18,822,732

**ALAMEDA COUNTY COMMUNITY FOOD BANK**  
**STATEMENT OF ACTIVITIES**  
Year Ended June 30, 2014

	Unrestricted	Temporarily Restricted	Total
Operating activities:			
Support and revenue:			
Government revenue	\$ 2,479,425	\$ -	\$ 2,479,425
Foundation/corporation grants	1,638,139	1,276,664	2,914,803
Individual contributions	6,518,427	396,780	6,915,207
Special events, gross	625,826	-	625,826
Program revenue	685,837	-	685,837
Interest and other	101,653	-	101,653
Net realized gain on investments	6,546	-	6,546
Net assets released from restrictions	1,307,702	(1,307,702)	-
<b>Total support and revenue</b>	<b>13,363,555</b>	<b>365,742</b>	<b>13,729,297</b>
Expenses:			
Program services:			
Food distribution	6,843,871	-	6,843,871
Outreach	1,525,232	-	1,525,232
Agency services	519,719	-	519,719
Nutrition education	293,445	-	293,445
Hunger education and advocacy	468,567	-	468,567
Volunteer program	414,051	-	414,051
<b>Total program services</b>	<b>10,064,885</b>	<b>-</b>	<b>10,064,885</b>
Supporting services:			
Resource development/fundraising	1,650,325	-	1,650,325
Management and general	903,390	-	903,390
<b>Total supporting services</b>	<b>2,553,715</b>	<b>-</b>	<b>2,553,715</b>
<b>Total expenses</b>	<b>12,618,600</b>	<b>-</b>	<b>12,618,600</b>
Less non-operating revenue	-	(365,742)	(365,742)
<b>Total operating net income</b>	<b>744,955</b>	<b>-</b>	<b>744,955</b>
Donated commodities:			
Donated commodities received	46,062,286	-	46,062,286
Donated commodities distributed	(45,446,687)	-	(45,446,687)
<b>Net donated commodities</b>	<b>615,599</b>	<b>-</b>	<b>615,599</b>
Non-operating activities:			
Temporarily restricted revenue	-	365,742	365,742
Net unrealized gain on investments	118,447	-	118,447
Net gain on sale of property and equipment	3,076	-	3,076
<b>Total non-operating revenue</b>	<b>121,523</b>	<b>365,742</b>	<b>487,265</b>
Change in net assets	1,482,077	365,742	1,847,819
Net assets:			
Beginning of year	18,165,865	141,454	18,307,319
End of year	<u>\$ 19,647,942</u>	<u>\$ 507,196</u>	<u>\$ 20,155,138</u>

**ALAMEDA COUNTY COMMUNITY FOOD BANK**  
**STATEMENT OF ACTIVITIES**  
Year Ended June 30, 2013

	Unrestricted	Temporarily Restricted	Total
Operating activities:			
Support and revenue:			
Government revenue	\$ 3,172,132	\$ -	\$ 3,172,132
Foundation/corporation grants	1,523,459	772,302	2,295,761
Individual contributions	5,749,148	210,851	5,959,999
Special events, gross	546,401	-	546,401
Program revenue	499,621	-	499,621
Interest and other	537,558	-	537,558
Net realized loss on investments	(14,259)	-	(14,259)
Net assets released from restrictions	910,339	(910,339)	-
	12,924,399	72,814	12,997,213
Total support and revenue			
Expenses:			
Program services:			
Food distribution	6,845,479	-	6,845,479
Outreach	1,958,811	-	1,958,811
Agency services	493,062	-	493,062
Nutrition education	300,609	-	300,609
Hunger education and advocacy	442,903	-	442,903
Volunteer program	404,901	-	404,901
	10,445,765	-	10,445,765
Total program services			
Supporting services:			
Resource development/fundraising	1,512,245	-	1,512,245
Management and general	838,401	-	838,401
	2,350,646	-	2,350,646
Total supporting services			
Total expenses			
	12,796,411	-	12,796,411
Less non-operating revenue			
	-	(72,814)	(72,814)
Total operating net income			
	127,988	-	127,988
Donated commodities:			
Donated commodities received	39,712,549	-	39,712,549
Donated commodities distributed	(40,137,310)	-	(40,137,310)
	(424,761)	-	(424,761)
Net donated commodities			
Non-operating activities:			
Temporarily restricted revenue	-	72,814	72,814
Net unrealized gain on investments	16,464	-	16,464
Net gain on sale of property and equipment	4,676	-	4,676
	21,140	72,814	93,954
Total non-operating revenue			
Change in net assets			
	(275,633)	72,814	(202,819)
Net assets:			
Beginning of year	18,441,498	68,640	18,510,138
	\$ 18,165,865	\$ 141,454	\$ 18,307,319
End of year			

**ALAMEDA COUNTY COMMUNITY FOOD BANK**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
Year Ended June 30, 2014

	Program Services							Supporting Services			Total
	Food Distribution	Outreach	Agency Services	Nutrition Education	Hunger Education and Advocacy	Volunteer Program	Total	* Resource Development/ Fundraising	Management and General	Total	
Salaries	\$ 1,291,452	\$ 773,077	\$ 279,020	\$ 194,694	\$ 290,452	\$ 222,153	\$ 3,050,848	\$ 601,941	\$ 460,836	\$ 1,062,777	\$ 4,113,625
Payroll taxes	95,562	56,963	20,947	14,424	20,891	16,434	225,221	43,319	33,308	76,627	301,848
Employee benefits	454,877	240,163	83,213	49,548	82,526	84,158	994,485	176,327	112,086	288,413	1,282,898
<b>Total personnel costs</b>	<b>1,841,891</b>	<b>1,070,203</b>	<b>383,180</b>	<b>258,666</b>	<b>393,869</b>	<b>322,745</b>	<b>4,270,554</b>	<b>821,587</b>	<b>606,230</b>	<b>1,427,817</b>	<b>5,698,371</b>
Food handling and purchases	3,227,481	-	-	-	-	-	3,227,481	-	-	-	3,227,481
Resource development	31,501	-	-	-	-	-	31,501	602,022	-	602,022	633,523
Vehicles and transportation	613,518	-	-	-	500	-	614,018	-	-	-	614,018
Professional services	136,813	73,139	32,248	7,302	27,070	30,769	307,341	82,709	196,138	278,847	586,188
Depreciation	424,292	25,535	8,143	5,192	6,654	16,089	485,905	15,632	8,936	24,568	510,473
Education and promotions	8,493	208,782	476	-	9,869	21,752	249,372	53,943	5,650	59,593	308,965
Occupancy	235,510	12,162	3,814	2,403	2,956	8,779	265,624	7,602	6,597	14,199	279,823
Equipment	175,405	30,413	3,370	1,797	5,530	3,322	219,837	10,620	4,226	14,846	234,683
Office and administrative	47,565	37,718	7,609	3,217	7,378	5,380	108,867	23,451	51,231	74,682	183,549
Community and agency services	2,644	53,621	72,428	6,834	2,296	-	137,823	503	-	503	138,326
Insurance	53,878	1,553	471	302	265	3,519	59,988	1,050	6,528	7,578	67,566
Travel	6,778	8,681	3,774	5,485	7,748	444	32,910	8,193	9,284	17,477	50,387
Training and staff development	5,324	3,135	4,206	2,247	4,132	1,197	20,241	17,691	5,959	23,650	43,891
Dues	32,778	290	-	-	300	55	33,423	5,322	2,611	7,933	41,356
<b>Total expenses before donated commodities distributed</b>	<b>6,843,871</b>	<b>1,525,232</b>	<b>519,719</b>	<b>293,445</b>	<b>468,567</b>	<b>414,051</b>	<b>10,064,885</b>	<b>1,650,325</b>	<b>903,390</b>	<b>2,553,715</b>	<b>12,618,600</b>
Donated commodities distributed	45,446,687	-	-	-	-	-	45,446,687	-	-	-	45,446,687
<b>Total expenses</b>	<b>\$ 52,290,558</b>	<b>\$ 1,525,232</b>	<b>\$ 519,719</b>	<b>\$ 293,445</b>	<b>\$ 468,567</b>	<b>\$ 414,051</b>	<b>\$ 55,511,572</b>	<b>\$ 1,650,325</b>	<b>\$ 903,390</b>	<b>\$ 2,553,715</b>	<b>\$ 58,065,287</b>

\* Includes special event expenses of \$95,992.



**ALAMEDA COUNTY COMMUNITY FOOD BANK**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
Year Ended June 30, 2013

	Program Services							Supporting Services			Total
	Food Distribution	Outreach	Agency Services	Nutrition Education	Hunger Education and Advocacy	Volunteer Program	Total	* Resource Development/Fundraising	Management and General	Total	
Salaries	\$ 1,245,785	\$ 648,210	\$ 268,181	\$ 193,881	\$ 295,459	\$ 206,472	\$ 2,857,988	\$ 563,871	\$ 451,679	\$ 1,015,550	\$ 3,873,538
Payroll taxes	92,071	47,763	20,010	14,150	20,829	15,226	210,049	40,241	32,523	72,764	282,813
Employee benefits	446,013	215,418	69,166	52,789	77,776	70,585	931,747	153,008	160,271	313,279	1,245,026
<b>Total personnel costs</b>	<b>1,783,869</b>	<b>911,391</b>	<b>357,357</b>	<b>260,820</b>	<b>394,064</b>	<b>292,283</b>	<b>3,999,784</b>	<b>757,120</b>	<b>644,473</b>	<b>1,401,593</b>	<b>5,401,377</b>
Food handling and purchases	3,325,014	-	-	-	-	-	3,325,014	-	-	-	3,325,014
Education and promotions	3,491	756,322	7,505	2,537	6,294	20,782	796,931	45,276	2,267	47,543	844,474
Resource development	39,999	-	-	-	-	777	40,776	550,566	-	550,566	591,342
Vehicles and transportation	567,257	-	-	-	-	-	567,257	-	-	-	567,257
Depreciation	412,044	20,427	7,227	5,179	5,149	14,302	464,328	14,436	8,844	23,280	487,608
Professional services	148,500	40,931	53,207	8,752	8,514	48,912	308,816	72,789	93,027	165,816	474,632
Occupancy	219,369	36,054	3,607	2,536	2,540	8,189	272,295	7,457	8,839	16,296	288,591
Equipment	160,525	31,580	2,788	2,320	5,539	2,858	205,610	7,669	7,052	14,721	220,331
Office and administrative	62,855	30,244	8,958	5,192	7,223	8,113	122,585	34,399	49,219	83,618	206,203
Community and agency services	4,149	117,129	42,928	5,798	3,308	-	173,312	-	-	-	173,312
Training and staff development	28,670	6,529	4,596	1,836	3,105	1,886	46,622	10,403	8,678	19,081	65,703
Insurance	51,787	1,027	405	237	257	3,216	56,929	926	5,872	6,798	63,727
Travel	7,850	6,922	4,433	5,402	6,910	3,528	35,045	8,365	8,162	16,527	51,572
Dues	30,100	255	51	-	-	55	30,461	2,839	1,968	4,807	35,268
<b>Total expenses before donated commodities distributed</b>	<b>6,845,479</b>	<b>1,958,811</b>	<b>493,062</b>	<b>300,609</b>	<b>442,903</b>	<b>404,901</b>	<b>10,445,765</b>	<b>1,512,245</b>	<b>838,401</b>	<b>2,350,646</b>	<b>12,796,411</b>
Donated commodities distributed	40,137,310	-	-	-	-	-	40,137,310	-	-	-	40,137,310
<b>Total expenses</b>	<b>\$ 46,982,789</b>	<b>\$ 1,958,811</b>	<b>\$ 493,062</b>	<b>\$ 300,609</b>	<b>\$ 442,903</b>	<b>\$ 404,901</b>	<b>\$ 50,583,075</b>	<b>\$ 1,512,245</b>	<b>\$ 838,401</b>	<b>\$ 2,350,646</b>	<b>\$ 52,933,721</b>

\* Includes special event expenses of \$86,987.

**ALAMEDA COUNTY COMMUNITY FOOD BANK**

**STATEMENTS OF CASH FLOWS**

Years Ended June 30,

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities:		
Change in net assets	\$ 1,847,819	\$ (202,819)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net realized and unrealized gains on investments	(124,993)	(2,205)
Stock donation	(456,876)	(369,057)
Donated vehicle received	(50,000)	-
Depreciation	510,474	487,608
Net gain on sale of property and equipment	(3,076)	(4,676)
Donated commodities received	(46,062,286)	(39,712,549)
Donated commodities distributed	45,446,687	40,137,310
(Increase) decrease in assets:		
Grants receivable	(567,064)	224,453
Promises to give	(215,833)	32,500
Shared maintenance and other receivables	(31,953)	24,754
Inventory	(13,475)	155,378
Prepaid expenses and deposits	(4,155)	(2,105)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	121,929	(335,688)
Accrued compensated absences	25,527	44,984
Deferred revenue	86,406	(64,793)
	<u>509,131</u>	<u>413,095</u>
Net cash provided by operating activities		
Cash flows from investing activities:		
Purchase of investments	(285,095)	(247,192)
Proceeds from sale of investments	1,561,632	825,017
Purchase of property and equipment	(1,303,782)	(843,121)
Proceeds from sale property and equipment	3,076	4,676
	<u>(24,169)</u>	<u>(260,620)</u>
Net cash used by investing activities		
Net increase in cash and cash equivalents	484,962	152,475
Cash and cash equivalents:		
Beginning of year	<u>3,205,734</u>	<u>3,053,259</u>
End of year	<u>\$ 3,690,696</u>	<u>\$ 3,205,734</u>

**ALAMEDA COUNTY COMMUNITY FOOD BANK**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2014 and 2013

**1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Purpose and Organization**

Alameda County Community Food Bank (the Food Bank) is a California not-for-profit public benefit corporation founded in 1985. The Food Bank distributes food through a network of 240 strategically placed member agencies – food pantries, soup kitchens, child-care centers, senior centers, after-school programs, and other community based organizations.

The Food Bank’s mission statement: Alameda County Community Food Bank passionately pursues a hunger-free community.

The Food Bank’s vision statement: Children, adults and seniors of Alameda County do not worry about where their next meal is coming from.

**Program Services**

*Food Distribution* - As Alameda County’s central clearinghouse for donated, surplus and purchased food for nonprofit agencies, the Food Bank distributed 29.0 million pounds of food including 16.7 million pounds of fresh fruits and vegetables in the 2014 fiscal year (26.6 million pounds of food including 15.2 million of fresh fruits and vegetables in the 2013 fiscal year). The food distribution program includes various programs such as the Children’s Back Pack Program and other government programs.

*Outreach* – The Food Bank’s systematic approach to alleviating hunger includes: 1) The Food Bank’s multilingual Emergency Food Helpline is one of California’s most efficient and busiest food referral systems. Since 1994, callers have been able to receive a same-day bag of food or hot meal at a location in or near their neighborhood; 2) The Food Bank’s CalFresh (formerly known as Food Stamp) Outreach program, which pioneered a pre-screening program that quickly gauges a potential recipient’s eligibility serves as the blueprint for programs across the nation. The Food Bank’s CalFresh Outreach staff helps clients complete the application process and work through the Alameda County Social Services Agency to submit the application.

*Agency Services* - The Food Bank supports its 240 member agencies in managing government food programs, securing government funding, and adhering to related contracts. The Food Bank assists member agencies in food safety, equipment procurement, and other operational functions.

*Nutrition Education* - The Food Bank supports its member agencies and clients through nutrition education services, which are designed to help member agencies and clients utilize the wide variety of products, including farm fresh fruits and vegetables that are often new to clients. Services include educational classes, nutrition materials, recipes, cooking classes, and taste testing demos to encourage and support healthful eating. Nutrition education services also help clients maximize their other food resources to bring healthy choices to their families.

**ALAMEDA COUNTY COMMUNITY FOOD BANK**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2014 and 2013

**1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Purpose and Organization (Continued)**

**Program Services** (continued)

*Hunger Education and Advocacy* - The Food Bank's hunger education and advocacy efforts continue to provide a voice for tens of thousands of Alameda County residents who face food insecurity. Food Bank staff meets with legislators, grassroots anti-hunger advocates and other advocacy partners regularly. The program promotes policies to benefit low-income residents such as eliminating the fingerprinting requirement for recipients of CalFresh.

*Volunteer Program* - Volunteer resources are an integral part of food distribution, particularly in the packaging of fresh produce, bagging children's food bags, and sorting donated food. Volunteers are also utilized for the helpline, office assistance, advocacy, and events. During the years ended June 30, 2014 and 2013, volunteer hours for the fiscal years were equivalent to 45 full-time employees and 43 full-time employees, respectively.

The Food Bank's major sources of financial and in-kind support consist of federal funds (passed through by the County of Alameda), foundations and corporations, individuals, United States Department of Agriculture (USDA) commodities program, and other government entities. A small amount of revenue is earned from fees charged to member organizations that receive food distributions. Both revenue and expense increased this year as the Food Bank continued to increase its capacity and activity to meet demand. Distributed pounds of food increased 9% and 14% in 2014 and 2013, respectively. The Food Bank continues to grow its new mobile pantry program where the Food Bank distributes food directly at schools or other neighborhood centers in need. The Food Bank continued subsidies for purchased shelf-stable food items as a means to further support its member agencies and the community. The Food Bank also invested in the agency network capacity building through in-kind grants of equipment and its annual agency conference. Similarly, volunteer hours of 88,072 increased 4% in 2014 (84,986 volunteer hours in 2013). The CalFresh Outreach program also continued to grow with a 58% increase in applications submitted to 3,346 in 2014 (2,115 in 2013).

**Basis of Accounting**

The Food Bank prepares its financial statements in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), which involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

**ALAMEDA COUNTY COMMUNITY FOOD BANK**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2014 and 2013

**1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Classification of Net Assets**

U.S GAAP requires that the Food Bank report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

Accordingly, the net assets of the Food Bank are classified and reported as described below:

*Unrestricted:* Those net assets and activities which represent the portion of expendable funds that are available to support the Food Bank's operations. A portion of these net assets may be designated by the Board of Directors for specific purposes.

*Temporarily Restricted:* Those net assets and activities which are donor-restricted for (a) support of specific operating activities; (b) investment for a specified term; (c) use in a specified future period; or (d) acquisition of long-lived assets.

*Permanently Restricted:* Those net assets and activities which are permanently donor-restricted for holdings of (a) assets donated with stipulations that they be used for a specified purpose, be preserved, and not be sold; or (b) assets donated with stipulations that they be invested to provide a permanent source of income.

As of June 30, 2014 and 2013, and for the years then ended, the Food Bank did not have net assets meeting the definition of permanently restricted.

**Use of Estimates**

The preparation of financial statements in conformity with U.S GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure 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.

**Fair Value of Financial Instruments**

The carrying amounts of cash and cash equivalents, receivables, and accounts payable approximate fair value because of the short maturity of these instruments.

**Cash and Cash Equivalents**

The Food Bank considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

**ALAMEDA COUNTY COMMUNITY FOOD BANK**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2014 and 2013

**1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Grants Receivable**

Grants receivable represent uncollateralized obligations related to the Food Bank's grant contracts. Grants receivable are due under the terms of the grant agreements.

**Promises to Give**

Unconditional promises to give are recognized as revenues or gains in the period such promises are made by the donor. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Unconditional promises to give which are scheduled to be received after one year are discounted at rates commensurate with the risks involved. Amortization of the discount is recorded as additional contribution revenue in accordance with the donor-imposed restrictions, if any, on the contributions.

The Food Bank uses the allowance method to account for uncollectible unconditional promises to give. The allowance is based on prior years' experience and management's analysis of specific promises made.

**Inventory**

Purchased inventories are recorded at cost and consist of food products purchased by the Food Bank and related to both grant and non-grant funded purchases. Purchased inventory is expensed when the food is distributed. The Food Bank receives, sorts, stores, and distributes donated commodities from various sources and the USDA commodities program. Feeding America, the national food bank network which sets the standards for fiscal operations of food banks, valued USDA and non-USDA commodities at \$1.72 and \$1.69 per pound for 2014 and 2013, respectively. The donated commodities distributed includes spoilage and shrinkage for the years ended June 30, 2014 and 2013 of \$1,122,926 and \$1,205,675 for non-USDA items and \$129 and \$0 for USDA items, respectively. The total spoilage and shrinkage represents 2.5% and 3.1% of the total costs and pounds of food distributed in 2014 and 2013, respectively.

**Investments**

Marketable investments in equity and debt securities are carried at fair value based upon quoted market prices.

The Food Bank's Oversight Committee is responsible for establishing investment criteria and overseeing the Food Bank's investments.

**ALAMEDA COUNTY COMMUNITY FOOD BANK**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2014 and 2013

**1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Property and Equipment**

The Food Bank capitalizes acquisitions of property and equipment with a cost or value in excess of \$1,000 and with an estimated useful life beyond one year. Purchased assets are recorded at cost; donated assets are recorded at estimated fair value or appraised value at the date of acquisition. Depreciation is calculated using the straight-line method based upon estimated useful lives ranging from 5 to 39 years. Maintenance and repairs are charged to expense as incurred; major renewals and betterments are capitalized. The cost and accumulated depreciation of assets sold or retired are removed from the respective accounts and any gain or loss is reflected in the statement of activities.

**Deferred Revenue**

Deferred revenue represents the excess of advances from granting agencies under contracts for services over the related expenditures.

**Revenue Recognition**

**Grants**

The Food Bank is a sub-recipient of several federal and state grants.

**Contributions**

The Food Bank recognizes all contributions in the year of receipt, regardless of compliance with restrictions. Contributions without donor-imposed restrictions are reported as unrestricted support. Contributions with donor-imposed restrictions are reported as either temporarily restricted or permanently restricted support, depending upon the type of restriction.

The satisfaction of a donor-imposed restriction on a contribution is recognized when the corresponding expenditures are incurred or when the time restriction expires. This occurs by increasing one class of net assets and decreasing another in the statement of activities. Such transactions are recorded as *net assets released from restrictions* and are reported separately from other transactions.

**Contributed Goods and Services**

Donated material and equipment are recorded as contributions at their estimated value on the date of receipt. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Food Bank reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Food Bank reclassifies temporarily restricted net assets to unrestricted net assets at that time.

**ALAMEDA COUNTY COMMUNITY FOOD BANK**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2014 and 2013

**1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue Recognition (Continued)**

**Contributed Goods and Services** (continued)

The Food Bank records contribution revenue for certain services received at the fair value of those services, if the services (a) create or enhance nonfinancial assets, or (b) require specialized skills, are provided by individuals possessing those skills, and would be purchased if not donated.

The Food Bank received and utilized donated goods and services primarily representing a vehicle, advertising, supplies and other professional services totaling \$181,171 in 2014, and \$79,683 in 2013.

The Food Bank regularly utilizes services of volunteers. The Food Bank volunteers donated 88,072 hours in 2014 and 84,986 hours in 2013. The value of these services is not reflected in these financial statements because the services received do not create or enhance non-financial assets and do not require specialized skills. The Food Bank estimates that the value of these services is worth approximately \$2.0 million at \$22.55 per hour in 2014 (approximately \$1.9 million at \$22.14 per hour in 2013). This valuation is based on the average hourly earnings of all production and nonsupervisory workers on private nonfarm payrolls (as determined by the Bureau of Labor Statistics) and adjusted for fringe benefits.

**Investment Income**

Realized and unrealized gains and losses and investment income (losses) derived from investment transactions are included as income in the year earned.

**Advertising**

The costs of advertising are charged to expense as incurred. Advertising expense for the years ended June 30, 2014 and 2013 was \$234,247 and \$775,574, respectively. The significant decrease is due to reduction in funding and related advertising for the CalFresh outreach program.

**Income Taxes**

The Food Bank is a qualified organization exempt from federal income taxes and state franchise taxes under §501(c)(3) of the Internal Revenue Code (IRC) and §23701d of the California Revenue and Taxation Code, respectively.



**ALAMEDA COUNTY COMMUNITY FOOD BANK**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2014 and 2013

**1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Income Taxes (Continued)**

The Food Bank has adopted the accounting standard on accounting for uncertainty in income taxes, which prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken, or expected to be taken, in a tax return and requires the affirmative evaluation that is more-likely-than-not, based on the technical merits of a tax position, that an organization is entitled to economic benefits resulting from tax positions taken in income tax returns. If a tax position does not meet the more-likely-than-not recognition threshold, the benefit of that position is not recognized in the financial statements. For tax exempt entities, favorable tax status itself is deemed to be an uncertainty, as events could potentially occur to jeopardize their tax-exempt status.

The Food Bank's evaluation on June 30, 2014 revealed no tax positions that would have a material impact on the financial statements. The 2010 through 2013 tax years remain subject to examination by the Internal Revenue Service. In addition, the 2009 through 2013 tax years remain subject to examination by the California Franchise Tax Board. The Food Bank does not believe that any reasonably possible changes will occur within the next twelve months that will have a material impact on the financial statements.

**Financial Instruments**

Financial instruments which potentially subject the Food Bank to concentrations of credit risk consist principally of cash and cash equivalents and investments. The Food Bank maintains its cash in various bank deposit accounts which, at times, may exceed federally insured limits. The Food Bank has not experienced any losses in such accounts. The Food Bank attempts to limit its credit risk associated with cash equivalents and investments by utilizing outside investment managers to place the Food Bank's investments with highly rated corporate and financial institutions. Management believes that the Food Bank is not exposed to any significant credit risk related to concentrations.

**Functional Allocation of Expenses**

The costs of providing the various programs and activities have been summarized on a functional basis in the statements of activities and functional expenses by major Food Bank programs. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on an analysis of personnel time, square footage, and poundage of food distributed by each program.

**Recent Pronouncements**

The Financial Accounting Standards Board (FASB) has issued the following Accounting Standards Updates (ASU) that were in transition for implementation during the year ended June 30, 2014 or are applicable to future periods.

**ALAMEDA COUNTY COMMUNITY FOOD BANK**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2014 and 2013

**1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Recent Pronouncements (Continued)**

**New Accounting Standards Adopted**

ASU No. 2012-05, *Statement of Cash Flows (Topic 230)-Not-for-Profit Entities: Classification of the Sale Proceeds of Donated Financial Assets in the Statement of Cash Flows (a consensus of the FASB Emerging Issues Task Force)*. In accordance with ASU No. 2012-05, not-for-profit entities are required to classify as operating cash flows receipts from the sale of donated financial assets, unless the donor has restricted the use of the contributed securities to long-term purposes, in which case, the cash receipts should be classified as financing cash flows. Cash receipts from the sale of all other donated securities must be classified as investing cash flows. The effective date of the guidance, to be applied prospectively, was for cash received from the sale of donated assets in fiscal years, and interim periods within such years, beginning after June 15, 2013. Since this new guidance only amends the disclosure requirements, it will not have a material impact on the Food Bank's financial statements.

**New Accounting Standards to be Adopted**

ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, and its international counterpart, IFRS 15, provide sweeping new, globally applicable converged guidance concerning recognition and measurement of revenue. In addition, significant additional disclosures are required about the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers, and will replace virtually all existing revenue guidance, including most industry-specific guidance. ASU No 2014-09 is applicable for annual reporting periods beginning after December 15, 2017. Management has not evaluated the impact of this new guidance.

**2. FAIR VALUE MEASUREMENTS**

The Food Bank's financial assets and liabilities carried at fair value have been classified, for disclosure purposes, based on a hierarchy that gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3). An asset's or a liability's classification is based on the lowest level input that is significant to its measurement. For example, a Level 3 fair value measurement may include inputs that are both observable (Levels 1 and 2) and unobservable (Level 3). The levels of the fair value hierarchy are as follows:

*Level 1* – Values are unadjusted quoted prices for identical assets and liabilities in active markets accessible at the measurement date.

*Level 2* – Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument. Such inputs include market interest rates and volatilities, spreads and yield curves.

**ALAMEDA COUNTY COMMUNITY FOOD BANK**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2014 and 2013

**2. FAIR VALUE MEASUREMENTS (CONTINUED)**

*Level 3* – Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the Food Bank’s best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

The following is a description of the valuation methodologies used for assets measured at fair value:

*Municipal Bonds:* The fair value of municipal bonds is estimated using recently executed transactions, market price quotations and pricing models that factor in, where applicable, interest rates, bond or credit-default swap spreads and volatility. These bonds are generally categorized in Level 2 of the fair value hierarchy.

*Equity Securities and Mutual Funds:* Equity securities and mutual funds listed on a national market or exchange are valued at the last sales price, or if there is no sale and the market is still considered active, at the mean of the last bid and asked prices on such exchange. The Food Bank’s interests in such investments are categorized as corporate stock/equity funds, money market funds, corporate bond funds and government obligation funds. Such securities are classified within Level 1 of the valuation hierarchy.

The following table provides information about the Food Bank’s financial assets measured at fair value on a recurring basis as of June 30:

	<u>2014</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Municipal bonds	\$ 1,611,900	\$ -	\$ 1,611,900	\$ -
Mutual funds:				
Short-term bond	697,035	697,035	-	-
World bond	665,068	665,068	-	-
Blend	192,454	192,454	-	-
Large value	166,402	166,402	-	-
Foreign large value	82,232	82,232	-	-
Foreign small/mid value	46,618	46,618	-	-
Real estate	43,039	43,039	-	-
Diversified emerging market	35,147	35,147	-	-
Domestic small/mid value	19,924	19,924	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets at fair value	<u>\$ 3,559,819</u>	<u>\$ 1,947,919</u>	<u>\$ 1,611,900</u>	<u>\$ -</u>

**ALAMEDA COUNTY COMMUNITY FOOD BANK**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2014 and 2013

**2. FAIR VALUE MEASUREMENTS (CONTINUED)**

	<u>2013</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Municipal bonds	\$ 1,913,180	\$ -	\$ 1,913,180	\$ -
Mutual funds:				
Short-term bond	686,723	686,723	-	-
World bond	661,029	661,029	-	-
Ultra-short bond	512,288	512,288	-	-
Blend	153,721	153,721	-	-
Large value	136,180	136,180	-	-
Foreign large value	70,437	70,437	-	-
Real estate	38,017	38,017	-	-
Foreign small/mid value	35,351	35,351	-	-
Diversified emerging market	30,957	30,957	-	-
Domestic small/mid value	<u>16,604</u>	<u>16,604</u>	<u>-</u>	<u>-</u>
Total assets at fair value	<u>\$ 4,254,487</u>	<u>\$ 2,341,307</u>	<u>\$ 1,913,180</u>	<u>\$ -</u>

There were no transfers amongst levels of the fair value hierarchy during the years ended June 30, 2014 and 2013.

**3. PROMISES TO GIVE**

Unconditional promises are all due in less than one year at June 30, 2014 and 2013. All promises to give are stated at their present values.

Three donors comprised 100% of promises to give at June 30, 2014. One donor comprised 100% of promises to give at June 30, 2013.

**ALAMEDA COUNTY COMMUNITY FOOD BANK**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2014 and 2013

**4. INVENTORY**

Inventory consisted of the following at June 30:

	<u>2014</u>	<u>2013</u>
Government commodities	\$ 1,412,201	\$ 1,221,760
Donated food	763,955	338,796
Purchased food	<u>191,990</u>	<u>178,516</u>
	<u>\$ 2,368,146</u>	<u>\$ 1,739,072</u>

**5. PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at June 30:

	<u>2014</u>	<u>2013</u>
Building and improvements	\$ 9,599,504	\$ 9,144,148
Land	2,522,082	1,468,422
Vehicles	733,802	625,876
Office furniture and equipment	487,113	501,706
Warehouse equipment	<u>185,886</u>	<u>588,252</u>
	13,528,387	12,328,404
Less accumulated depreciation	<u>(3,589,888)</u>	<u>(3,129,670)</u>
	9,938,499	9,198,734
Construction in progress	<u>201,043</u>	<u>-</u>
	<u>\$ 10,139,542</u>	<u>\$ 9,198,734</u>

In fiscal year 2014, the Food Bank purchased land for a parking lot. The Food Bank currently rents parking. It is planned that the purchased land will be graded and paved and will provide enough parking for staff and volunteers. Construction in progress includes costs related to the parking lot and a software purchase and implementation.

**ALAMEDA COUNTY COMMUNITY FOOD BANK**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2014 and 2013

**6. NOTE PAYABLE**

On August 30, 2013, the Food Bank signed an unsecured \$97,500 promissory note to Edgewater Holdings, LLC to partially fund the purchase of land. The note bears interest at the monthly applicable federal rate, with interest only payable monthly. The principal and any unpaid interest are payable in full on March 4, 2019.

**7. UNRESTRICTED BOARD DESIGNATED APPROPRIATIONS**

Unrestricted board designated appropriations at June 30 are as follows:

	2014	2013
Operating reserve	\$ 4,126,262	\$ 3,876,032
Inventory	2,368,146	1,739,072
Capital improvements	1,794,944	1,564,835
Capacity building	800,000	1,400,000
	\$ 9,089,352	\$ 8,579,939

The Food Bank’s Net Assets and Reserves Policy established the following reserves:

*Operating* – Reserve equals three to six months operating expenses excluding depreciation. At June 30, 2014, \$4,126,262 represents 3.8 months of operating reserves.

*Inventory* – Reserve equals to the fiscal year ending inventory balance.

*Capital Improvements* – Reserve equals to 50% of the fiscal year accumulated depreciation.

*Capacity Building* – This reserve at June 30, 2014 is for capacity building and represents an allotment for constructing a parking lot on newly purchased land.

The increase in unrestricted net assets is primarily due to an increase in donated inventory and an increase in net operating results. The Food Bank received more donated inventory in fiscal year 2014 than it distributed due to the timing of shipments and strategically allocating inventory to be distributed in the following year to meet community needs for specific types of food. In addition, the Food Bank ended with an increase in net operating income due to one-time gift from bequest. This operating surplus is earmarked for the construction of the parking lot.

**ALAMEDA COUNTY COMMUNITY FOOD BANK**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2014 and 2013

**8. TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets at June 30 may be expended for:

	<u>2014</u>	<u>2013</u>
Healthy Cities program	\$ 181,472	\$ -
Healthy Cities program - inherent time restriction	83,333	-
Food purchases	156,878	136,454
CalFresh Outreach	32,506	-
Advocacy	24,750	-
Organizational development	21,869	-
Other food distribution	5,000	5,000
Nutrition Education	1,388	-
	<u>\$ 507,196</u>	<u>\$ 141,454</u>

**9. NET ASSETS RELEASED FROM RESTRICTIONS**

Net assets were released from restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by donors during the years ended June 30 as follows:

	<u>2014</u>	<u>2013</u>
Food purchases	\$ 833,740	\$ 507,437
Food distribution for children	203,880	174,825
Vehicle	95,000	163,077
Healthy Cities program	85,195	-
Other food distribution	30,000	15,000
Organizational Development	28,131	-
CalFresh Outreach	17,494	-
Nutrition Education	12,012	-
Advocacy	2,250	-
Community engagement	-	50,000
	<u>\$ 1,307,702</u>	<u>\$ 910,339</u>

**ALAMEDA COUNTY COMMUNITY FOOD BANK**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2014 and 2013

**10. RETIREMENT PLAN**

The Food Bank maintains an IRC §403(b) plan for its employees. The plan is made available to all full-time employees. The Food Bank contributes up to \$910 a year for each eligible employee who has provided a minimum of one year of service to the Food Bank. The Food Bank also matches an employee's voluntary contribution up to 5% of the employee's compensation. A participant is at all times 100% vested in the amounts in his or her Employee Contribution Account, and will be 100% vested in the Employer Contribution Account after three years of service. Total Food Bank contributions made for the years ended June 30, 2014 and 2013 were \$167,935 and \$238,354, respectively. The decrease is due to one-time corrections including lost income made in the prior year.

**11. COMMITMENTS AND CONTINGENCIES**

**Lease**

The Food Bank is obligated under several non-cancelable operating leases for its equipment.

The following is a schedule of minimum lease commitments for the years ending June 30:

2015	\$ 45,199
2016	30,643
2017	17,929
2018	11,433
2019	10,944
Thereafter	<u>464</u>
	<u><u>\$ 116,612</u></u>

Lease expense for the years ended June 30, 2014 and 2013 was \$65,997 and \$71,818, respectively.

**Contingencies**

The Food Bank has a contractual agreement with Feeding America (formerly America's Second Harvest). The agreement improves the capacity of the Food Bank to provide solutions to the problem of hunger in America. Under the terms of the agreement, the Food Bank is required to maintain certain financial covenants, which it complied with for the years ended June 30, 2014 and 2013. The Food Bank can terminate the agreement by a written notice 30 days in advance subject to the termination provisions as defined by the agreement. Feeding America can terminate the agreement with cause as provided by the compliance standards per the agreement.



**ALAMEDA COUNTY COMMUNITY FOOD BANK**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2014 and 2013

**11. COMMITMENTS AND CONTINGENCIES (CONTINUED)**

**Contingencies** (Continued)

The Food Bank receives support from federal, state and local sources under reimbursable programs. Reimbursements under these programs are subject to final audits which could result in the repayment of support recorded. In the opinion of management, the Food Bank has complied with all of the conditions of its grants and contracts for services and no material liabilities would result from any such audit.

The Food Bank has received threats of litigation arising out of the normal course of operations. Management believes it has adequate defenses and insurance coverage for these actions and thus, has made no provision in the financial statements for any costs relating to the settlement of such claims. These matters have been referred to the Food Bank's attorneys and insurance carriers. In management's opinion, a material unfavorable outcome is remote.

**12. SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION**

The Food Bank obtained a note for \$97,500 for the purchase of land (Note 6) and paid interest of \$595 during the year ended June 30, 2014.

**13. SUBSEQUENT EVENTS**

The Food Bank has entered into an agreement for the construction of a parking lot. The costs of construction and any related expenditures are estimated to not exceed the capacity building reserves in Note 7.

The Food Bank has evaluated all subsequent events through October 6, 2014, the date the financial statements were available to be issued.

**ALAMEDA COUNTY COMMUNITY FOOD BANK**

**SUPPLEMENTARY FINANCIAL INFORMATION**

Year Ended June 30, 2014

**ALAMEDA COUNTY COMMUNITY FOOD BANK**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
Year Ended June 30, 2014

Federal Grantor/Pass - through Grantor Program Title	Federal CFDA Number	Grantor/ Pass - through Grant Number	Total Federal Disbursements/ Expenditures
<u>Community Development Block Grants/Entitlement Grants</u>			
U.S. Department of Housing and Urban Development			
Pass - through programs from:			
City of Oakland - Community Economic Grant	14.218	Resolution No. 84344	\$ 20,000
Total Community Development Block Grants/Entitlement Grants			<u>20,000</u>
<u>Emergency Food and Shelter National Board</u>			
U.S. Department of Homeland Security			
Pass - through programs from:			
Federal Emergency Management Agency - UW-Emergency Food and Shelter Program	97.024	Phase 31	<u>82,500</u>
Total Emergency Food and Shelter National Board			<u>82,500</u>
<u>Food Distribution Cluster</u>			
U.S. Department of Agriculture			
Pass - through programs from:			
California Department of Social Services - Emergency Food Assistance Program	10.568	MOU# 10-6024	145,472 *
Emergency Food Assistance Program - Supplemental	10.568	MOU# 10-6024	21,110 *
USDA Food Commodities	10.569	MOU# 10-6024	<u>5,744,392 *</u>
Total Food Distribution Cluster			<u>5,910,974</u>
<u>Supplemental Nutrition Assistant Program Cluster</u>			
U.S. Department of Agriculture			
Pass - through programs from:			
County of Alameda Social Services Agency - CalFresh Advocacy and Outreach Program	10.561	Board PO# 11533-9528	401,931
Get Fresh Stay Healthy Program	10.561	Board PO# 10534-7585	113,926
Get Fresh Stay Healthy Program	10.561	Board PO# 11824-9749	<u>42,507</u>
			<u>558,364</u>
California Department of Public Health - CalFresh Outreach Program	10.561	MOU# 12-0121	120,838
Supplemental Nutrition Assistant Program Education	10.561	MOU# 10-10042	<u>3,357</u>
			<u>124,195</u>
Total Supplemental Nutrition Assistant Program Cluster			<u>682,559</u>
Total expenditures of federal awards			<u>\$ 6,696,033</u>

\* Major program

Basis of Accounting and Presentation:

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Alameda County Community Food Bank and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Pass - through Grants to Subrecipients:

The federal expenditures for the Emergency Food Assistance Program include grants to subrecipients totaling \$5,744,392.

**ALAMEDA COUNTY COMMUNITY FOOD BANK**  
**SCHEDULE OF OTHER GOVERNMENT AWARDS**  
Year Ended June 30, 2014

<u>Grantor/Pass - through Grantor Program Title</u>	<u>Contract Number</u>	<u>Exhibit Number</u>	<u>Contract Amount</u>	<u>Contract Period</u>	<u>Total Disbursements/ Expenditures</u>
<u>State of California - Health and Human Services Agency</u>					
<u>Department of Social Services</u>					
State Emergency Food Assistance Program	10-6024		\$ 28,684	7/1/13 - 6/30/14	\$ 28,684
Emergency Food Assistance Program					
Tax Check-off	10-6024		11,138	7/1/13 - 6/30/14	11,138
			<u>39,822</u>		<u>39,822</u>
<u>County of Alameda Social Services Agency</u>					
Emergency Food and Surplus Food Distribution Program	11413	9433	950,418	7/1/13 - 6/30/14	950,418
CalFresh Advocacy and Outreach	11533	9528	447,197	7/1/13 - 6/30/14	401,931
			<u>1,397,615</u>		<u>1,352,349</u>
<u>City of Hayward Social Services</u>					
Food Distribution Food Purchase Program	13-106		20,750	7/1/13 - 6/30/14	20,750
<u>City of Oakland Department of Human Services</u>					
Hunger Relief Food Purchasing	82980 and 84466		118,741	7/1/13 - 6/30/14	114,864
Total expenditures of other government awards			<u>\$ 1,576,928</u>		<u>\$ 1,527,785</u>



LAUTZE & LAUTZE  
CPAs & FINANCIAL ADVISORS

**INDEPENDENT AUDITOR'S 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  
Alameda County Community Food Bank  
Oakland, California

We have audited, in accordance with the 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 *Alameda County Community Food Bank* (the Food Bank), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, functional expenses, and cash flows for the year ended June 30, 2014, and the related notes to the financial statements, and have issued our report thereon dated October 6, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit 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 entity'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 audit 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.

To the Board of Directors  
Alameda County Community Food Bank

### **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 audit, 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.

Lautze & Lautze



San Francisco, California  
October 6, 2014



LAUTZE & LAUTZE  
CPAs & FINANCIAL ADVISORS

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR  
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

To the Board of Directors  
Alameda County Community Food Bank  
Oakland, California

**Report on Compliance for Each Major Federal Program**

We have audited *Alameda County Community Food Bank's* (the Food Bank) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Food Bank's major federal programs for the year ended June 30, 2014. The Food Bank's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Food Bank's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Food Bank's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Food Bank's compliance.

To the Board of Directors  
Alameda County Community Food Bank

### ***Opinion on Each Major Federal Program***

In our opinion, the Food Bank complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

### **Report on Internal Control Over Compliance**

Management of the Food Bank is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Food Bank's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Food Bank's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Lautze & Lautze*

San Francisco, California  
October 6, 2014



**ALAMEDA COUNTY COMMUNITY FOOD BANK**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Year Ended June 30, 2014

**ALAMEDA COUNTY COMMUNITY FOOD BANK**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
Year Ended June 30, 2014

**SECTION I – SUMMARY OF AUDITOR’S RESULTS**

Financial Statements

Type of auditor’s report issued	Unmodified
Internal control over financial reporting:	
Material weakness (es) identified:	No
Significant deficiency (ies) identified that are not considered to be material weaknesses:	None reported
Noncompliance material to financial statements:	No

Federal Awards

Internal control over major programs:	
Material weakness (es) identified:	No
Significant deficiency (ies) identified that are not considered to be material weaknesses:	None reported
Type of auditor’s report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section 501(a) of Circular A-133:	No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program/Cluster</u>
10.568	U.S. Department of Agriculture, California Department of Social Services - Emergency Food Assistance Program
10.568	U.S. Department of Agriculture, California Department of Social Services - Emergency Food Assistance Program - Supplemental
10.569	U.S. Department of Agriculture, California Department of Social Services - USDA Food Commodities

**ALAMEDA COUNTY COMMUNITY FOOD BANK**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
Year Ended June 30, 2014

**SECTION I – SUMMARY OF AUDITOR’S RESULTS (Continued)**

Dollar threshold to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee: Yes

**SECTION II – FINANCIAL STATEMENT FINDINGS**

No matters reported.

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

No matters reported.

**SECTION IV – STATUS OF PRIOR YEAR AUDIT FINDINGS**

There were no prior year findings.

**SECTION V – CORRECTIVE ACTIVE PLAN**

N/A

**ALAMEDA COUNTY COMMUNITY FOOD BANK**  
**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**  
Year Ended June 30, 2014

There were no audit findings that must be reported in accordance with OMB Circular A-133 for the year ended June 30, 2013.