

**AUDITED  
FINANCIAL STATEMENTS**

**As of and for the Years Ended  
September 30, 2016 and 2015**



**Food Finders  
Food Bank, Inc.**  
*fighting hunger, giving hope*

**FEEDING<sup>®</sup>  
AMERICA**

## CONTENTS

Independent Auditors' Report.....	1 - 2
Financial Statements:	
Statements of Financial Position.....	3
Statements of Activities .....	4
Statements of Functional Expenses.....	5 - 6
Statements of Cash Flows.....	7 - 8
Notes to Financial Statements .....	9 - 19

**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
Food Finders Food Bank, Inc.  
Lafayette, Indiana

We have audited the accompanying financial statements of Food Finders Food Bank, Inc. (a nonprofit Organization), which comprise the statements of financial position as of September 30, 2016 and 2015, 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.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Food Finders Food Bank, Inc. as of September 30, 2016 and 2015, 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.

*Girardot, Strauch & Co.*

**Lafayette, Indiana**

May 19, 2017

**FOOD FINDERS FOOD BANK, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**September 30, 2016 and 2015**

	2016	2015
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 261,047	\$ 354,844
Accounts receivable	64,533	59,149
Unconditional promises to give - current portion	311,268	330,808
Grants receivable	15,927	27,823
Inventory	528,665	846,605
Prepaid expenses and other assets	21,314	15,036
Total Current Assets	1,202,754	1,634,265
<b>PROPERTY AND EQUIPMENT, NET</b>	4,629,352	2,829,337
<b>OTHER ASSETS</b>		
Unconditional promises to give	123,555	352,396
Investments	299,332	316,388
Community Foundation Investment	29,671	28,169
Beneficial interest in trusts	447,361	163,161
Total Other Assets	899,919	860,114
Total Assets	\$ 6,732,025	\$ 5,323,716
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 89,474	\$ 606,569
Unearned revenue	35,651	39,342
Funds held for others	51,248	-
Withheld and accrued taxes	7,330	8,678
Accrued payroll and vacation	56,222	38,901
Note payable to bank	612	-
Total Current Liabilities	240,537	693,490
<b>NET ASSETS</b>		
Unrestricted		
Operating	679,254	168,420
Designated	406,736	420,217
Property and equipment	4,629,352	2,829,337
Total Unrestricted	5,715,342	3,417,974
Temporarily restricted	602,715	1,049,091
Permanently restricted	173,431	163,161
Total Net Assets	6,491,488	4,630,226
	\$ 6,732,025	\$ 5,323,716

See Accompanying Notes to Financial Statements

**FOOD FINDERS FOOD BANK, INC.**  
**STATEMENTS OF ACTIVITIES**  
**For the Years Ended September 30, 2016 and 2015**

	2016				2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>SUPPORT AND REVENUE</b>								
United Way	\$ -	\$ 85,192	\$ -	\$ 85,192	\$ -	\$ 223,917	\$ -	\$ 223,917
Contributions	620,636	3,322,053	-	3,942,689	610,260	1,337,768	-	1,948,028
Fundraising - Special Events	238,960	-	-	238,960	171,058	-	-	171,058
Grants	106,198	232,347	-	338,545	193,762	122,713	-	316,475
Donated inventory	0	8,301,401	-	8,301,401	-	10,309,118	-	10,309,118
Product sales	594,674	-	-	594,674	669,954	-	-	669,954
Investment income	31,946	2,785	-	34,731	19,055	(2,516)	-	16,539
Change in value of perpetual trust	-	-	10,270	10,270	-	-	(4,602)	(4,602)
Miscellaneous	1,101	-	-	1,101	2,468	-	-	2,468
<b>Total Support and Revenue</b>	<b>1,593,515</b>	<b>11,943,778</b>	<b>10,270</b>	<b>13,547,563</b>	<b>1,666,557</b>	<b>11,991,000</b>	<b>(4,602)</b>	<b>13,652,955</b>
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>								
Donated inventory distributed	8,583,240	(8,583,240)	-	-	10,064,245	(10,064,245)	-	-
United Way	218,983	(218,983)	-	-	225,027	(225,027)	-	-
Capital Campaign	2,807,710	(2,807,710)	-	-	1,354,785	(1,354,785)	-	-
Programs and equipment	780,221	(780,221)	-	-	634,248	(634,248)	-	-
	<b>13,983,669</b>	<b>(446,376)</b>	<b>10,270</b>	<b>13,547,563</b>	<b>13,944,862</b>	<b>(287,305)</b>	<b>(4,602)</b>	<b>13,652,955</b>
<b>EXPENSES</b>								
Program Services								
Distribution	7,102,635	-	-	7,102,635	7,333,759	-	-	7,333,759
Outreach	3,784,708	-	-	3,784,708	4,704,797	-	-	4,704,797
<b>Total Program Services</b>	<b>10,887,343</b>	<b>-</b>	<b>-</b>	<b>10,887,343</b>	<b>12,038,556</b>	<b>-</b>	<b>-</b>	<b>12,038,556</b>
Supporting Services								
Fundraising	361,556	-	-	361,556	424,409	-	-	424,409
Management and general	437,402	-	-	437,402	417,909	-	-	417,909
<b>Total Supporting Services</b>	<b>798,958</b>	<b>-</b>	<b>-</b>	<b>798,958</b>	<b>842,318</b>	<b>-</b>	<b>-</b>	<b>842,318</b>
<b>Total Expenses</b>	<b>11,686,301</b>	<b>-</b>	<b>-</b>	<b>11,686,301</b>	<b>12,880,874</b>	<b>-</b>	<b>-</b>	<b>12,880,874</b>
<b>CHANGES IN NET ASSETS</b>	<b>2,297,368</b>	<b>(446,376)</b>	<b>10,270</b>	<b>1,861,262</b>	<b>1,063,988</b>	<b>(287,305)</b>	<b>(4,602)</b>	<b>772,081</b>
<b>NET ASSETS BEGINNING OF YEAR</b>	<b>3,417,974</b>	<b>1,049,091</b>	<b>163,161</b>	<b>4,630,226</b>	<b>2,353,986</b>	<b>1,336,396</b>	<b>167,763</b>	<b>3,858,145</b>
<b>NET ASSETS END OF YEAR</b>	<b>\$ 5,715,342</b>	<b>\$ 602,715</b>	<b>\$ 173,431</b>	<b>\$ 6,491,488</b>	<b>\$ 3,417,974</b>	<b>\$ 1,049,091</b>	<b>\$ 163,161</b>	<b>\$ 4,630,226</b>

See Accompanying Notes to Financial Statements

**FOOD FINDERS FOOD BANK, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended September 30, 2016**

	Program Services			Supporting Services			Total
	Distribution	Outreach	Total Program Services	Fund-Raising	Mgmt and General	Total Supporting Services	
Purchased food	\$ 405,013	\$ 522,482	\$ 927,495	\$ -	\$ -	\$ -	\$ 927,495
Donated food	6,027,797	2,555,443	8,583,240	-	-	-	8,583,240
Salaries	273,925	357,669	631,594	152,015	173,561	325,576	957,170
Employee benefits	42,134	55,015	97,149	23,382	26,695	50,077	147,226
Payroll taxes	20,243	26,431	46,674	11,234	12,826	24,060	70,734
Professional fees	13,926	-	13,926	105,502	36,063	141,565	155,491
Supplies	37,308	68,353	105,661	57,115	40,821	97,936	203,597
Telephone	-	-	-	-	6,303	6,303	6,303
Postage	4,711	2,599	7,310	5,025	814	5,839	13,149
Occupancy	56,944	59,704	116,648	-	12,961	12,961	129,609
Printing	-	3,617	3,617	-	3,541	3,541	7,158
Transportation	102,419	47,148	149,567	-	-	-	149,567
Conferences, subs & dues	-	27,938	27,938	7,283	17,027	24,310	52,248
Equipment repair & maint.	11,790	-	11,790	-	-	-	11,790
Depreciation	105,038	58,309	163,347	-	21,894	21,894	185,241
Loss on sale of assets	-	-	-	-	52,257	52,257	52,257
Financial assistance	1,387	-	1,387	-	-	-	1,387
Interest expense	-	-	-	-	13,361	13,361	13,361
Miscellaneous	-	-	-	-	19,278	19,278	19,278
	<u>\$ 7,102,635</u>	<u>\$ 3,784,708</u>	<u>\$ 10,887,343</u>	<u>\$ 361,556</u>	<u>\$ 437,402</u>	<u>\$ 798,958</u>	<u>\$ 11,686,301</u>

See Accompanying Notes to Financial Statements

**FOOD FINDERS FOOD BANK, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended September 30, 2015**

	Program Services			Supporting Services			Total
	Distribution	Outreach	Total Program Services	Fund- Raising	Mgmt and General	Total Supporting Services	
Purchased food	\$ 366,348	\$ 585,707	\$ 952,055	\$ -	\$ -	\$ -	\$ 952,055
Donated food	6,546,912	3,525,261	10,072,173	-	-	-	10,072,173
Salaries	117,636	315,623	433,259	155,720	268,838	424,558	857,817
Employee benefits	16,613	44,574	61,187	21,992	37,967	59,959	121,146
Payroll taxes	9,563	25,658	35,221	12,659	21,855	34,514	69,735
Professional fees	29,731	-	29,731	166,402	31,713	198,115	227,846
Supplies	11,768	52,452	64,220	61,074	4,663	65,737	129,957
Telephone	-	-	-	-	4,809	4,809	4,809
Postage	3,281	1,641	4,922	2,609	547	3,156	8,078
Occupancy	47,398	37,918	85,316	-	9,480	9,480	94,796
Printing	-	907	907	-	2,117	2,117	3,024
Transportation	116,152	49,779	165,931	-	-	-	165,931
Conferences, subs & dues	-	34,261	34,261	3,953	7,961	11,914	46,175
Equipment repair & maint.	7,015	-	7,015	-	-	-	7,015
Depreciation	59,477	31,016	90,493	-	10,580	10,580	101,073
Financial assistance	1,865	-	1,865	-	-	-	1,865
Miscellaneous	-	-	-	-	17,379	17,379	17,379
	<u>\$ 7,333,759</u>	<u>\$ 4,704,797</u>	<u>\$ 12,038,556</u>	<u>\$ 424,409</u>	<u>\$ 417,909</u>	<u>\$ 842,318</u>	<u>\$ 12,880,874</u>

See Accompanying Notes to Financial Statements



**FOOD FINDERS FOOD BANK, INC.**  
**STATEMENTS OF CASH FLOWS**  
For the Years Ended September 30, 2016 and 2015

	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Contributions and grants	\$ 2,059,201	\$ 1,883,102
Product sales and other	586,700	672,422
Interest received	16,780	20,093
Cash paid to suppliers and employees	(2,926,328)	(2,801,335)
Interest paid	(13,361)	-
	(277,008)	(225,718)
Net Cash Used by Operating Activities		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of property and equipment	3,600	-
Insurance proceeds from roof collapse	253,214	-
Purchase of property	(3,437,008)	(1,163,850)
Purchase of investments	(61,953)	(156,016)
Proceeds from sale of investments	149,029	909,923
	(3,093,118)	(409,943)
Net Cash Used by Investing Activities		
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from borrowing	903,612	-
Payments on borrowings	(55,900)	-
Contributions restricted to long-term purpose	2,428,617	727,697
	3,276,329	727,697
Net Cash Provided by Financing Activities		
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(93,797)	92,036
<b>BEGINNING CASH AND CASH EQUIVALENTS</b>	354,844	262,808
<b>ENDING CASH AND CASH EQUIVALENTS</b>	\$ 261,047	\$ 354,844

See Accompanying Notes to Financial Statements

**FOOD FINDERS FOOD BANK, INC.**  
**STATEMENTS OF CASH FLOWS**  
For the Years Ended September 30, 2016 and 2015

**RECONCILIATION OF CHANGES IN NET ASSETS  
TO NET CASH USED BY OPERATING ACTIVITIES**

	<u>2016</u>	<u>2015</u>
<b>CHANGES IN NET ASSETS</b>	\$ 1,861,262	\$ 772,081
 <b>ADJUSTMENTS TO RECONCILE CHANGES IN NET ASSETS  TO NET CASH USED BY OPERATING ACTIVITIES</b>		
Depreciation	185,241	101,073
(Gain) loss on investments	(17,411)	3,668
Reinvested interest and dividends	(540)	(114)
Loss on sale of fixed assets	52,257	-
Contributions restricted to long-term purpose	(2,428,617)	(727,697)
Donated property	(101,594)	(850)
Donated interest in a trust	(273,930)	-
Donated investments	(53,569)	(119,957)
Net change in beneficial interest in trust	(10,270)	4,602
 <b>(INCREASE) DECREASE IN ASSETS</b>		
Accounts receivable	(5,384)	(16,197)
Unconditional promises to give	248,381	(189,619)
Grants receivable	11,896	33,071
Inventory	317,940	(129,576)
Prepaid expenses and other assets	(6,278)	(8,009)
 <b>INCREASE (DECREASE) IN LIABILITIES</b>		
Accounts payable	(119,922)	10,743
Unearned revenue	(3,691)	39,342
Funds held for others	51,248	-
Grant payable	-	(5,000)
Withheld and accrued taxes	(1,348)	4,373
Accrued payroll and vacation	17,321	2,348
 <b>TOTAL ADJUSTMENTS</b>	 <u>(2,138,270)</u>	 <u>(997,799)</u>
 <b>NET CASH USED BY OPERATING ACTIVITIES</b>	 <u>\$ (277,008)</u>	 <u>\$ (225,718)</u>

See Accompanying Notes to Financial Statements

**FOOD FINDERS FOOD BANK, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2016 and 2015**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Organization and Nature of Activities

Food Finders Food Bank, Inc. (the Organization) serves the citizens of Mid-North Indiana by providing distribution of surplus food and non-food products and outreach programs including Back Pack, Summer Feeding, Mobile Pantry, Food Box and Senior Grocery. The Organization is supported primarily through grants and donations. Approximately 62% and 75% of the Organization's support and revenue for the years ended September 30, 2016 and 2015 came from donated product. Thus relying on donated product is an operating risk for the Organization.

Basis of Presentation

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Functional Expenses

The costs of providing various programs and supporting services have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the benefited programs and supporting services.

Promises To Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Unconditional promises to give are reported at net realizable value if at the time the promise is made payment is expected to be received within one year or less. Promises expected to be collected in more than one year are reported at fair value computed using present value techniques.

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

Contributed Products and Services

During the years ended September 30, 2016 and 2015, the value of contributed food product meeting the requirements for recognition in the financial statements was \$8,301,401 and \$10,309,118, respectively, and has been recorded at an estimated wholesale value provided by Feeding America. During the year ended September 30, 2016, program expenses valued at \$29,220 and fundraising costs of \$11,013 were contributed. During the year ended September 30, 2015, program expenses valued at \$14,434 and fundraising costs of \$3,245 were contributed.

Individuals volunteered 25,033 and 17,610 hours of their time to perform a variety of tasks that assist the Organization in achieving the goals of its programs during the years ended September 30, 2016 and 2015, respectively. None of these services required specialized skills.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents except for cash equivalents held in the long-term investment accounts.

**FOOD FINDERS FOOD BANK, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2016 and 2015**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management's estimates. Accordingly, actual results could differ from those estimates.

Shipping and Handling Costs

The cost of shipping and handling to distribute the food is considered a functional program expense and is included on the Statements of Functional Expenses as transportation expense.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. The Organization considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made. Finance charges are not assessed by the Organization.

Credit is granted to Organizations, schools and churches located primarily in Mid-North Indiana.

Grants receivable

Certain grants are paid on a reimbursement basis. Grants receivable include grant expenditures paid but not yet received.

Inventory

Inventory consists of purchased and donated food. Purchased food is valued at the lower of cost (first in – first out method) or market. Donated food is valued at the estimated wholesale value based on a cost study conducted for Feeding America (a third party network for food banks) of \$1.67 (effective July 1, 2016) and \$1.70 (effective July 1, 2015), respectively.

Property and Equipment

Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as support at their estimated fair value. Property and equipment are being depreciated over the estimated useful lives of five to thirty-nine years using a straight-line method. Property and equipment purchases over \$500 are capitalized. Maintenance and repairs are charged to expense as incurred. Property and equipment is reviewed for impairment annually.

Investments

Investments are stated at their fair market value.

Income Tax Status

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Reclassifications

Certain reclassifications have been made to the prior year financial statements in order for them to be in conformity with the current year presentation.

Date of Management Review

Management has evaluated subsequent events through May 19, 2017, the date which the financial statements were available to be issued.

**FOOD FINDERS FOOD BANK, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2016 and 2015**

**PROMISES TO GIVE**

Unconditional promises to give at September 30, 2016 and 2015 are as follows:

	<u>2016</u>	<u>2015</u>
United Way allocation	\$ 63,833	\$ 197,625
Backpack program	31,715	34,166
Mobile Pantry	1,000	5,395
Network for Good	985	1,699
Capital Campaign	<u>337,290</u>	<u>444,319</u>
Total unconditional promises to give	<u>\$ 434,823</u>	<u>\$ 683,204</u>

Unconditional Promises to give at September 30, 2016 and 2015 consisted of the following:

	<u>2016</u>	<u>2015</u>
Unconditional Promises to Give	\$ 442,272	\$ 696,318
Less discounts to net present value (4% discount rate)	(7,449)	(13,114)
Less allowance for uncollectible promises	-	-
Net Unconditional Promises to Give	<u>\$ 434,823</u>	<u>\$ 683,204</u>

Amounts due in:

Less than one year	\$ 311,268	\$ 330,808
One to five years	<u>123,555</u>	<u>352,396</u>
	<u>\$ 434,823</u>	<u>\$ 683,204</u>

**INVENTORY**

Inventory consisted of the following at September 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Purchased inventory	\$ 161,580	\$ 197,681
Donated inventory	<u>367,085</u>	<u>648,924</u>
	<u>\$ 528,665</u>	<u>\$ 846,605</u>

**PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at September 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Land	\$ 85,754	\$ 187,148
Buildings	4,219,878	2,918,236
Equipment & Vehicles	<u>899,974</u>	<u>999,280</u>
	5,205,606	4,104,664
Less accumulated depreciation	<u>576,254</u>	<u>1,275,327</u>
	<u>\$ 4,629,352</u>	<u>\$ 2,829,337</u>

**FOOD FINDERS FOOD BANK, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2016 and 2015**

**INVESTMENTS**

Investments and cumulative unrealized gains and losses consisted of the following at September 30, 2016 and 2015:

	2016		2015	
	Carrying	Unrealized	Carrying	Unrealized
	Value	Gains (Losses)	Value	Gains (Losses)
Money fund	\$ -	\$ -	\$ 1,298	\$ -
Corporate bonds	50,349	90	83,552	(1,261)
Mutual funds, ETFs & CEFs	248,983	49,579	231,538	44,973
Total Investments	\$ 299,332	\$ 49,669	\$ 316,388	\$ 43,712
Community Foundation investment	\$ 29,671	\$ 73	\$ 28,169	\$ (2,153)

Investment income consisted of the following for the years ended September 30, 2016 and 2015:

	2016	2015
Interest and dividends	\$ 19,550	\$ 24,424
Realized gains	8,928	114,482
Unrealized gains	8,484	(118,150)
Fees	(2,231)	(4,217)
Total Investment Income	\$ 34,731	\$ 16,539

**BENEFICIAL INTEREST IN TRUST**

The Organization is the beneficiary of a trust held by others set up to support the Organization activities. Each year the income is distributed to this Organization without restrictions. The corpus of the trust is permanently restricted, never to be distributed and is reported at its current fair market value. The fair market value of the Organization's beneficial interest in the trust increased by \$10,270 and decreased by \$4,602 during the years ended September 30, 2016 and 2015, respectively. Distributions from the trust were \$1,137 and \$444 during the years ended September 30, 2016 and 2015. The fair market value of the Organization's interest in the trust was \$173,431 and \$163,161 at September 30, 2016 and 2015.

During the year ended September 30, 2016, the Organization received a contribution of a beneficial interest in a second trust with a fair market value of \$273,930 at September 30, 2016. This trust is not restricted and the corpus plus any earnings is expected to be distributed to the Organization at a future date.

**FOOD FINDERS FOOD BANK, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2016 and 2015**

**DESIGNATED NET ASSETS**

The Board of Directors has designated a portion of unrestricted net assets for the following purposes:

Operating Reserve – funds set aside to be used to meet short term operating shortages.

Capital Reserve – funds set aside for equipment purchases or replacements, building modifications, or other expenditures of long term asset acquisitions.

Food Acquisition and Distribution Reserve – funds to be reserved for major unanticipated expenditures.

Endowment - funds to be reserved for perpetuity.

Designated Net Assets are to be maintained and distributed according to the Board approved investment and spending policy.

The following are the net assets designated by the board of directors at September 30, 2016 and 2015:

	2016	2015
Operating Reserve	\$ 95,000	\$ 95,000
Capital Reserve	73,830	73,830
Food Acquisition and Distribution Reserve	212,906	226,387
Endowment	25,000	25,000
	<u>\$ 406,736</u>	<u>\$ 420,217</u>

**TEMPORARILY RESTRICTED NET ASSETS**

Net assets with donor restrictions were as follows at September 30, 2016:

Restriction	Beginning Balance	Temporarily Restricted Contribution	Released From Restriction	Transferred	Ending Balance
Sale of donated food	\$ 648,924	\$ 8,301,401	\$ (8,583,240)	\$ -	\$ 367,085
McAllister program	42,119	2,500	(27,256)	-	17,363
United Way allocation	197,625	85,192	(218,984)	-	63,833
Backpack program	128,438	446,981	(449,713)	(85,506)	40,200
School Pantries	-	33,696	(53,796)	85,506	65,406
Mobile Pantry and Food Box	31,145	68,882	(93,027)	-	7,000
Senior Grocery	-	740	(740)	-	-
Summer Feeding program	-	99,142	(89,142)	-	10,000
Deer processing	840	-	-	-	840
Bornlearning	-	30,239	(30,239)	-	-
FREC	-	60,000	(29,012)	-	30,988
Capital campaign	-	2,807,710	(2,807,710)	-	-
Endowment earnings	-	2,785	(2,785)	-	-
Other	-	4,510	(4,510)	-	-
	<u>\$ 1,049,091</u>	<u>\$ 11,943,778</u>	<u>\$ (12,390,154)</u>	<u>\$ -</u>	<u>\$ 602,715</u>

**FOOD FINDERS FOOD BANK, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2016 and 2015**

**TEMPORARILY RESTRICTED NET ASSETS (Continued)**

Net assets with donor restrictions were as follows at September 30, 2015:

Restriction	Beginning Balance	Temporarily Restricted Contribution	Released From Restriction	Ending Balance
Sale of donated food	\$ 404,051	\$ 10,309,118	\$ (10,064,245)	\$ 648,924
McAllister program	60,233	7,500	(25,614)	42,119
United Way allocation	198,735	223,917	(225,027)	197,625
Backpack program	162,656	395,159	(429,377)	128,438
Mobile Pantry and Food Box	2,750	111,426	(83,031)	31,145
Senior Grocery	-	10,425	(10,425)	-
Summer Feeding program	-	74,692	(74,692)	-
Deer processing	840	-	-	840
Capital campaign	507,131	847,654	(1,354,785)	-
Endowment earnings	-	(2,516)	2,516	-
Time restrictions	-	13,625	(13,625)	-
	<u>\$ 1,336,396</u>	<u>\$ 11,991,000</u>	<u>\$ (12,278,305)</u>	<u>\$ 1,049,091</u>

**ENDOWMENT INVESTMENTS HELD BY OTHERS**

The Organization has established a fund at The Greater Lafayette Community Foundation with board designated endowment funds of \$25,000. The fund is stated at fair market value. The income, losses and fees on the investments are allocated based on contributed amounts and are recorded as changes in temporarily restricted net assets. The Foundation has been granted variance powers over these funds.

As an organization subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA), the Financial Accounting Standards Board provides guidance on the net asset classification of donor-restricted endowment funds and concerning disclosures about the organization's endowment funds (including board designated endowments). The organization has not received any donor restricted endowment funds at this time.

*Return Objectives and Risk Parameters and Strategies Employed for Achieving Objectives*

The Organization has not adopted investment and spending policies for endowment assets. The Organization maintains its endowment with the Greater Lafayette Community Foundation and allows the Foundation to determine the investment strategy.

*Spending Policy and How the Investment Objectives Relate to Spending Policy*

Income received from the Board Designated Endowment Fund is restricted for the programs of the Organization as approved by management.

The composition of net endowment assets by type of fund as of September 30, 2016 and 2015 and changes in the net endowment assets for the years ended September 30, 2016 and 2015 are as follows:



**FOOD FINDERS FOOD BANK, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2016 and 2015**

**ENDOWMENT INVESTMENTS HELD BY OTHERS (Continued)**

	Board Designated		Temporarily Permanently Restricted	Total Net
	Unrestricted	Restricted		Endowment Assets
Beginning Balance 10-1-2014	\$ 25,000	\$ -	\$ -	\$ 25,000
Earnings, net of fees	-	114	-	114
Unrealized gain (loss)	-	(3,775)	-	(3,775)
Realized gain	-	1,145	-	1,145
Released from restriction	-	2,516	-	2,516
Ending Balance 9-30-2015	25,000	-	-	25,000
Earnings, net of fees	-	540	-	540
Unrealized gain (loss)	-	2,226	-	2,226
Realized gain	-	19	-	19
Released from restriction	-	(2,785)	-	(2,785)
Ending Balance 9-30-2016	<u>\$ 25,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,000</u>

**FAIR VALUE MEASUREMENTS**

The Organization follows the accounting standard related to Fair Value Measurements. This standard establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The three levels of fair value hierarchy are as follows:

Level 1 – Quoted Prices in Active Markets for Identical Assets: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Significant Other Observable Inputs: Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly.

Level 3 – Significant Unobservable Inputs: Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

The asset's or liability's fair value measurement level within fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. Corporate bonds are valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

Unconditional Promises to Give are valued at the present value of expected future cash flows.

Money fund, mutual funds, CEFs and ETFs are valued at the net asset value of shares held by the plan at year end.

Community Foundation investment - The fair value of the endowment investment held by the Greater Lafayette Community Foundation is represented to be determined by reference to quoted market prices and other relevant information generated by market transactions.

Beneficial Interest in Perpetual Trust is valued at the beneficial interest in the perpetual trust using the market approach provided by the trustee and is based on the composite of investments held in the trust.

**FOOD FINDERS FOOD BANK, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2016 and 2015**

**FAIR VALUE MEASUREMENTS (Continued)**

There were no transfers between levels or changes in the methodologies used for valuation during the years ended September 30, 2016 and 2015.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methodologies are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Fair values of assets measured on a recurring basis at September 30, 2016 and 2015:

	2016				2015			
	Fair Value	Level 1	Level 2	Level 3	Fair Value	Level 1	Level 2	Level 3
Money Fund	\$ -	\$ -	\$ -	\$ -	\$ 1,297	\$ 1,297	\$ -	\$ -
Corporate Bonds								
AAA credit rating	-	-	-	-	19,075	-	19,075	-
A- credit rating	-	-	-	-	26,139	-	26,139	-
BBB+ credit rating	25,000	-	25,000	-	24,734	-	24,734	-
BBB credit rating					13,604	-	13,604	
BBB- credit rating	<u>25,349</u>	-	<u>25,349</u>	-	-	-	-	-
Total Corporate Bonds	50,349	-	50,349	-	83,552	-	83,552	-
Mutual Funds, CEFs & ETFs								
Emerging Markets	15,052	15,052	-	-	13,683	13,683	-	-
Foreign Large Blend	35,278	35,278	-	-	35,176	35,176	-	-
High Yield Bond	4,891	4,891	-	-	4,196	4,196	-	-
Inflation Protection Bd	6,589	6,589	-	-	664	664	-	-
Intermediate-Term Bd	18,490	18,490	-	-	10,117	10,117	-	-
Large Blend	28,878	28,878	-	-	17,011	17,011	-	-
Large Cap Growth	63,832	63,832	-	-	54,028	54,028	-	-
Large Cap Value	32,016	32,016	-	-	25,481	25,481	-	-
Mid-Cap Growth	5,643	5,643	-	-	12,477	12,477	-	-
Mid-Cap Value	10,096	10,096	-	-	8,862	8,862	-	-
Short Government	9,093	9,093	-	-	9,024	9,024	-	-
Small-Cap Growth	4,299	4,299	-	-	8,005	8,005	-	-
Small-Cap Value	2,545	2,545	-	-	4,552	4,552	-	-
Short-Term Bond	894	894	-	-	11,870	11,870	-	-
Ultra Short-Term Bd	9,113	9,113	-	-	13,813	13,813	-	-
World Blend	<u>2,274</u>	<u>2,274</u>	-	-	<u>2,580</u>	<u>2,580</u>	-	-
	<u>248,983</u>	<u>248,983</u>	-	-	<u>231,539</u>	<u>231,539</u>	-	-
Total Investments	\$ <u>299,332</u>	\$ <u>248,983</u>	\$ <u>50,349</u>	\$ -	\$ <u>316,388</u>	\$ <u>232,836</u>	\$ <u>83,552</u>	\$ -

**FOOD FINDERS FOOD BANK, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2016 and 2015**

**FAIR VALUE MEASUREMENTS (Continued)**

	2016				2015			
	Fair Value	Level 1	Level 2	Level 3	Fair Value	Level 1	Level 2	Level 3
Unconditional Promises to Give	\$ 434,823	\$ -	\$ 434,823	\$ -	\$ 683,204	\$ -	\$ 683,204	\$ -
Community Foundation Investment	\$ 29,671	\$ -	\$ -	\$ 29,671	\$ 28,169	\$ -	\$ -	\$ 28,169
Beneficial interest in perpetual trust	\$ 447,361	\$ -	\$ -	\$ 447,361	\$ 163,161	\$ -	\$ -	\$ 163,161

Level 3

The changes in the community foundation investment are presented in the Statement of Activities as a decrease in temporarily restricted net assets.

	2016	2015
Beginning balance	\$ 28,169	\$ 30,685
Earnings, net of fees	540	910
Unrealized gain (loss)	2,226	(3,775)
Realized gain	19	1,145
Grant	(1,283)	(796)
Ending Balance	\$ 29,671	\$ 28,169

The change in value of the Organization's interest in perpetual trusts is presented in the Statement of Activities as an increase (decrease) in permanently restricted net assets.

	2016	2015
Beginning balance	\$ 163,161	\$ 167,763
Contribution of interest in trust	273,930	-
Change in value	10,270	(4,602)
Ending Balance	\$ 447,361	\$ 163,161

**FUNDS HELD FOR OTHERS**

During the year ended September 30, 2016, the Organization received \$124,603 from a granting source and agreed to distribute the funds on behalf of this granting source. Distributions of \$73,355 were made during the year leaving a balance of \$51,248 yet to be distributed.

**NOTES PAYABLE TO BANK**

The organization entered into a Construction Loan Agreement with a bank in October 2015 to assist with cash flow during the remodeling of its new facility. The loan was a 3.9% \$450,000 line of credit to be drawn on as needed. As of September 30, 2016, the balance drawn on the loan was \$612. The loan was paid in full in March 2017.

**FOOD FINDERS FOOD BANK, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2016 and 2015**

**PENSION PLAN**

A 403(b) pension plan covering all full time employees is maintained by the agency. Contributions are made at a rate of 5% of wages for each participant. The Organization paid in \$39,047 and \$31,569 during the years ended September 30, 2016 and 2015, respectively.

**SELF-INSURED UNEMPLOYMENT COMPENSATION BENEFITS**

The Organization is self-insured with regards to unemployment compensation benefits. Therefore it does not periodically report or make payments to state or federal agencies for unemployment benefits. Unemployment claims of \$12,109 and \$10,796 were paid during the years ended September 30, 2016 and 2015, respectively.

**CONCENTRATION OF CREDIT RISK**

The Organization maintains significant investments in money funds, certificates of deposits, mutual funds and corporate bonds and is therefore subject to concentrations of credit risk. Investments are made using the Organization's investment policies which are monitored by the Organization's finance committee. Though the market value of investments is subject to fluctuations on a year-to-year basis, management believes the investment policy is prudent for the long-term welfare of the Organization.

The Organization maintains several cash accounts at two local financial institutions. Balances in a local credit union are insured by the National Credit Union Insurance Fund (NCUIF) up to \$250,000 and balances in a local bank are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of September 30, 2016 the Organization had approximately \$11,900 in excess of the NCUIF insured limit. As of September 30, 2015 the Organization had approximately \$11,000 in excess of the NCUIF insured limit.

The Organization believes it is not exposed to any significant risk.

**EXPENDITURES OF FEDERAL FUNDS**

The Organization was awarded Community Development Block Grants Funds (CFDA #14.218) from the City of Lafayette and the City of West Lafayette. The following is a schedule of expenditures during the year ended September 30, 2016 and 2015, by the fiscal year of the award.

	Award Amount By Fiscal Year	Expenditures 2016	Expenditures 2015
City of Lafayette			
FY 2014-2015	\$ 6,000	\$ -	\$ 6,000
FY 2015-2016	\$ 8,000	8,000	-
FY 2016-2017	\$ -	-	-
		<u>8,000</u>	<u>6,000</u>
City of West Lafayette			
FY 2014-2015	\$ 4,800	-	4,800
FY 2015-2016	\$ 5,000	3,750	-
FY 2016-2017	\$ 5,000	-	-
		<u>3,750</u>	<u>4,800</u>
Total		<u>\$ 11,750</u>	<u>\$ 10,800</u>

**FOOD FINDERS FOOD BANK, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2016 and 2015**

**NONCASH INVESTING ACTIVITY**

During the year ended September 30, 2016, the Organization received contributions of stock valued at \$53,569, interest in a trust valued at \$273,930 and fixed assets valued at \$101,594. During the year ended September 30, 2015, the Organization received contributions of stock valued at \$119,957 and fixed assets valued at \$850.

In addition, during the year ended September 30, 2016, the organization sold a building with proceeds of \$847,100. The proceeds were disbursed directly to a bank to pay the outstanding balance of the mortgage.