

**AUDITED
FINANCIAL STATEMENTS**

**As of and for the Years Ended
September 30, 2018 and 2017**



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

**FEEDING[®]
AMERICA**

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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, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Girardot, Strauch & Co.

Lafayette, Indiana

February 12, 2019

FOOD FINDERS FOOD BANK, INC.
STATEMENTS OF FINANCIAL POSITION
September 30, 2018 and 2017

	2018	2017 (restated)
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 46,930	\$ 69,667
Accounts receivable	71,422	134,141
Unconditional promises to give - current portion	209,177	264,418
Grants receivable	188,510	271,723
Inventory	1,118,332	872,982
Prepaid expenses and other assets	34,263	21,982
Total Current Assets	1,668,634	1,634,913
PROPERTY AND EQUIPMENT, NET	4,438,641	4,584,040
OTHER ASSETS		
Unconditional promises to give	-	36,500
Investments	341,553	442,734
Community Foundation Investment	33,986	31,922
Beneficial interest in trusts	193,495	229,821
Total Other Assets	569,034	740,977
	\$ 6,676,309	\$ 6,959,930
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 196,375	\$ 329,835
Unearned revenue	40,441	82,986
Funds held for others	-	16,649
Withheld and accrued taxes	6,489	9,513
Accrued payroll and vacation	77,720	67,847
Total Current Liabilities	321,025	506,830
NET ASSETS		
Unrestricted		
Operating	78,214	81,380
Designated	193,830	546,564
Property and equipment	4,438,641	4,584,040
Total Unrestricted	4,710,685	5,211,984
Temporarily restricted	1,451,104	1,055,225
Permanently restricted	193,495	185,891
Total Net Assets	6,355,284	6,453,100
	\$ 6,676,309	\$ 6,959,930

See Accompanying Notes to Financial Statements

FOOD FINDERS FOOD BANK, INC.
STATEMENTS OF ACTIVITIES
For the Years Ended September 30, 2018 and 2017

	2018				2017 (restated)			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUE								
United Way	\$ -	\$ 231,300	\$ -	\$ 231,300	\$ -	\$ 221,000	\$ -	\$ 221,000
Contributions	738,733	756,163	-	1,494,896	669,642	902,033	-	1,571,675
Fundraising - Special Events	332,327	-	-	332,327	285,746	-	-	285,746
Grants	334,881	477,010	-	811,891	292,437	267,538	-	559,975
Donated inventory	-	11,929,385	-	11,929,385	-	10,712,984	-	10,712,984
Product sales	417,261	-	-	417,261	550,220	-	-	550,220
Investment income	18,634	2,064	-	20,698	52,770	3,670	-	56,440
Change in value of perpetual trust	-	-	7,604	7,604	-	-	12,460	12,460
Miscellaneous	2,278	-	-	2,278	2,784	-	-	2,784
Total Support and Revenue	1,844,114	13,395,922	7,604	15,247,640	1,853,599	12,107,225	12,460	13,973,284
NET ASSETS RELEASED FROM RESTRICTIONS				-				-
Donated inventory distributed	11,575,979	(11,575,979)	-	-	10,469,753	(10,469,753)	-	-
United Way	220,411	(220,411)	-	-	176,844	(176,844)	-	-
Capital Campaign	16,487	(16,487)	-	-	84,533	(84,533)	-	-
Programs and equipment	1,187,166	(1,187,166)	-	-	923,585	(923,585)	-	-
	14,844,157	395,879	7,604	15,247,640	13,508,314	452,510	12,460	13,973,284
EXPENSES								
Program Services								
Distribution	7,205,741	-	-	7,205,741	6,281,297	-	-	6,281,297
Outreach	7,396,915	-	-	7,396,915	7,014,746	-	-	7,014,746
Total Program Services	14,602,656	-	-	14,602,656	13,296,043	-	-	13,296,043
Supporting Services								
Fundraising	336,736	-	-	336,736	317,807	-	-	317,807
Management and general	406,064	-	-	406,064	397,822	-	-	397,822
Total Supporting Services	742,800	-	-	742,800	715,629	-	-	715,629
Total Expenses	15,345,456	-	-	15,345,456	14,011,672	-	-	14,011,672
CHANGES IN NET ASSETS	(501,299)	395,879	7,604	(97,816)	(503,358)	452,510	12,460	(38,388)
NET ASSETS BEGINNING OF YEAR, AS PREVIOUSLY STATED	5,311,984	1,055,225	185,891	6,553,100	5,715,342	602,715	173,431	6,491,488
PRIOR PERIOD ADJUSTMENT	(100,000)	-	-	(100,000)	-	-	-	-
BEGINNING OF YEAR, RESTATED	5,211,984	1,055,225	185,891	6,453,100	5,715,342	602,715	173,431	6,491,488
NET ASSETS END OF YEAR, RESTATED	\$ 4,710,685	\$ 1,451,104	\$ 193,495	\$ 6,355,284	\$ 5,211,984	\$ 1,055,225	\$ 185,891	\$ 6,453,100

See Accompanying Notes to Financial Statements

FOOD FINDERS FOOD BANK, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended September 30, 2018

	Program Services			Supporting Services			Total
	Distribution	Outreach	Total Program Services	Fund-Raising	Mgmt and General	Total Supporting Services	
Purchased food	\$ 425,470	\$ 757,325	\$ 1,182,795	\$ -	\$ -	\$ -	\$ 1,182,795
Donated food	6,252,070	5,309,639	11,561,709	-	-	-	11,561,709
Salaries	136,393	696,039	832,432	115,921	206,471	322,392	1,154,824
Employee benefits	22,378	114,199	136,577	19,019	33,875	52,894	189,471
Payroll taxes	10,263	52,372	62,635	8,722	15,536	24,258	86,893
Professional fees	8,631	-	8,631	107,781	39,483	147,264	155,895
Supplies	24,936	74,399	99,335	81,944	3,064	85,008	184,343
Telephone	-	-	-	-	9,661	9,661	9,661
Postage	5,087	2,807	7,894	1,300	877	2,177	10,071
Occupancy	33,776	114,231	148,007	-	16,445	16,445	164,452
Printing	-	5,525	5,525	-	3,529	3,529	9,054
Transportation	114,691	126,934	241,625	-	-	-	241,625
Conferences, subs & dues	-	31,629	31,629	2,049	6,397	8,446	40,075
Equipment repair & maint.	13,131	-	13,131	-	-	-	13,131
Depreciation	157,695	111,816	269,511	-	50,578	50,578	320,089
Financial assistance	1,220	-	1,220	-	-	-	1,220
Miscellaneous	-	-	-	-	20,148	20,148	20,148
	<u>\$ 7,205,741</u>	<u>\$ 7,396,915</u>	<u>\$ 14,602,656</u>	<u>\$ 336,736</u>	<u>\$ 406,064</u>	<u>\$ 742,800</u>	<u>\$ 15,345,456</u>

See Accompanying Notes to Financial Statements

FOOD FINDERS FOOD BANK, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended September 30, 2017

	Program Services			Supporting Services			Total
	Distribution	Outreach	Total Program Services	Fund-Raising	Mgmt and General	Total Supporting Services	
Purchased food	\$ 386,998	\$ 715,113	\$ 1,102,111	\$ -	\$ -	\$ -	\$ 1,102,111
Donated food	5,350,318	5,119,434	10,469,752	-	-	-	10,469,752
Salaries	187,637	585,018	772,655	115,086	189,917	305,003	1,077,658
Employee benefits	29,307	91,373	120,680	17,975	29,662	47,637	168,317
Payroll taxes	14,992	46,741	61,733	9,195	15,174	24,369	86,102
Professional fees	6,227	-	6,227	104,556	42,221	146,777	153,004
Supplies	16,699	121,103	137,802	65,644	2,471	68,115	205,917
Telephone	-	-	-	-	19,525	19,525	19,525
Postage	6,150	3,393	9,543	3,319	1,061	4,380	13,923
Occupancy	37,679	105,036	142,715	-	15,857	15,857	158,572
Printing	-	3,041	3,041	-	1,570	1,570	4,611
Transportation	80,090	95,525	175,615	-	-	-	175,615
Conferences, subs & dues	-	31,207	31,207	2,032	11,349	13,381	44,588
Equipment repair & maint.	10,967	-	10,967	-	-	-	10,967
Depreciation	153,374	97,762	251,136	-	50,690	50,690	301,826
Financial assistance	859	-	859	-	-	-	859
Miscellaneous	-	-	-	-	18,325	18,325	18,325
	<u>\$ 6,281,297</u>	<u>\$ 7,014,746</u>	<u>\$ 13,296,043</u>	<u>\$ 317,807</u>	<u>\$ 397,822</u>	<u>\$ 715,629</u>	<u>\$ 14,011,672</u>

See Accompanying Notes to Financial Statements

FOOD FINDERS FOOD BANK, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended September 30, 2018 and 2017

	2018	2017 (restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Contributions and grants	\$ 2,999,926	\$ 2,422,572
Product sales and other	439,713	530,731
Interest received	13,329	12,115
Cash paid to suppliers and employees	(3,480,224)	(3,087,678)
Net Cash Used by Operating Activities	(27,256)	(122,260)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(155,775)	(247,408)
Purchase of investments	(55,345)	(153,489)
Proceeds from sale of investments	215,639	332,389
Net Cash Provided (Used) by Investing Activities	4,519	(68,508)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on borrowings	-	(612)
DECREASE IN CASH AND CASH EQUIVALENTS	(22,737)	(191,380)
BEGINNING CASH AND CASH EQUIVALENTS	69,667	261,047
ENDING CASH AND CASH EQUIVALENTS	\$ 46,930	\$ 69,667

See Accompanying Notes to Financial Statements

FOOD FINDERS FOOD BANK, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended September 30, 2018 and 2017

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

	<u>2018</u>	<u>2017</u> (restated)
CHANGES IN NET ASSETS	\$ (97,816)	\$ (38,388)
ADJUSTMENTS TO RECONCILE CHANGES IN NET ASSETS TO NET CASH USED BY OPERATING ACTIVITIES		
Depreciation	320,089	301,826
Gain on investments	(11,346)	(42,434)
Reinvested interest and dividends	(3,627)	(1,891)
Donated property	(18,915)	(9,107)
Donated investments	(46,204)	(50,227)
Net change in beneficial interest in trust	36,326	(12,460)
(INCREASE) DECREASE IN ASSETS		
Accounts receivable	62,719	(69,608)
Unconditional promises to give	91,741	133,905
Grants receivable	83,213	(255,796)
Inventory	(245,350)	(344,317)
Prepaid expenses and other assets	(12,281)	(668)
INCREASE (DECREASE) IN LIABILITIES		
Accounts payable	(133,460)	240,361
Unearned revenue	(42,545)	47,335
Funds held for others	(16,649)	(34,599)
Withheld and accrued taxes	(3,024)	2,183
Accrued payroll and vacation	9,873	11,625
TOTAL ADJUSTMENTS	<u>70,560</u>	<u>(83,872)</u>
NET CASH USED BY OPERATING ACTIVITIES	<u>\$ (27,256)</u>	<u>\$ (122,260)</u>

See Accompanying Notes to Financial Statements

FOOD FINDERS FOOD BANK, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2018 and 2017

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, Food Resource and Education Center, and Senior Grocery. The Organization is supported primarily through grants and donations. Approximately 78% and 76% of the Organization's support and revenue for the years ended September 30, 2018 and 2017 came from donated product. Thus relying on donated product is an operating risk for the Organization. The Organization is a member of Feeding America, a network of food banks that is the nation's largest domestic hunger-relief 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, 2018 and 2017, the value of contributed food product meeting the requirements for recognition in the financial statements was \$11,929,385 and \$10,712,702, respectively, and has been recorded at an estimated wholesale value provided by Feeding America. During the year ended September 30, 2018, program expenses valued at \$34,814 and fundraising costs of \$28,126 were contributed. During the year ended September 30, 2017, program expenses valued at \$37,157 and fundraising costs of \$20,372 were contributed.

Individuals volunteered 46,374 and 27,516 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, 2018 and 2017, 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, 2018 and 2017

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

Effective in 2017, Food Finders Food Bank, Inc. adopted Accounting Standards Update (ASU) 2015-11, Inventory (Topic 330)-Simplifying the Measurement of Inventory to simplify the measurement of its inventory. In accordance with ASU 2015-11, Food Finders Food Bank, Inc. is required to measure its inventory at the lower of cost and net realizable value.

Inventory consists of purchased and donated food. Purchased food is valued at the lower of cost and net realizable value, using the first-in, first-out method (FIFO). Net realizable value is defined as the estimated selling prices of the inventory in the ordinary course of business, less reasonably predictable cost of completion, disposal, and transportation. 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 \$1.68 (effective July 1, 2018) and \$1.73 (effective July 1, 2017), 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.

FOOD FINDERS FOOD BANK, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2018 and 2017

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Date of Management Review

Management has evaluated subsequent events through February 12, 2019 the date which the financial statements were available to be issued.

PROMISES TO GIVE

Unconditional promises to give at September 30, 2018 and 2017 are as follows:

	<u>2018</u>	<u>2017</u>
United Way allocation	\$ 118,879	\$ 107,990
Backpack program	21,790	32,893
Mobile Pantry	4,100	4,009
Network for Good	5,657	3,431
Capital Campaign	<u>58,751</u>	<u>152,595</u>
Total unconditional promises to give	<u>\$ 209,177</u>	<u>\$ 300,918</u>

Unconditional Promises to give at September 30, 2018 and 2017 consisted of the following:

	<u>2018</u>	<u>2017</u>
Unconditional Promises to Give	\$ 209,177	\$ 312,433
Less discounts to net present value (4% discount rate)	<u>-</u>	<u>(11,515)</u>
Net Unconditional Promises to Give	<u>\$ 209,177</u>	<u>\$ 300,918</u>
Amounts due in:		
Less than one year	\$ 209,177	\$ 264,418
One to five years	<u>-</u>	<u>36,500</u>
	<u>\$ 209,177</u>	<u>\$ 300,918</u>

INVENTORY

Inventory consisted of the following at September 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Purchased inventory	\$ 154,611	\$ 262,949
Donated inventory	<u>963,721</u>	<u>610,033</u>
	<u>\$ 1,118,332</u>	<u>\$ 872,982</u>

FOOD FINDERS FOOD BANK, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2018 and 2017

PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at September 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Land	\$ 125,015	\$ 117,754
Buildings	4,324,741	4,324,741
Equipment & Vehicles	<u>1,187,054</u>	<u>1,019,625</u>
	5,636,810	5,462,120
Less accumulated depreciation	<u>1,198,169</u>	<u>878,080</u>
	<u>\$ 4,438,641</u>	<u>\$ 4,584,040</u>

INVESTMENTS

Investments and cumulative unrealized gains and losses consisted of the following at September 30, 2018 and 2017:

	<u>2018</u>		<u>2017</u>	
	<u>Carrying</u>	<u>Unrealized</u>	<u>Carrying</u>	<u>Unrealized</u>
	<u>Value</u>	<u>Gains</u>	<u>Value</u>	<u>Gains</u>
		<u>(Losses)</u>		<u>(Losses)</u>
Mutual funds, ETFs & CEFs	\$ <u>341,553</u>	\$ <u>(19,095)</u>	\$ <u>442,734</u>	\$ <u>49,579</u>
Community Foundation Investment	\$ <u>33,986</u>	\$ <u>948</u>	\$ <u>31,922</u>	\$ <u>3,974</u>

Investment income consisted of the following for the years ended September 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Interest and dividends	\$ 16,892	\$ 17,224
Realized gains	25,711	2,461
Unrealized gain (loss)	(18,147)	39,973
Fees	<u>(3,758)</u>	<u>(3,218)</u>
Total Investment Income	<u>\$ 20,698</u>	<u>\$ 56,440</u>

FOOD FINDERS FOOD BANK, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2018 and 2017

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 \$7,604 and increased by \$12,460 during the years ended September 30, 2018 and 2017, respectively. Distributions from the trust were \$1,549 and \$1,500 during the years ended September 30, 2018 and 2017. The fair market value of the Organization's interest in the trust was \$193,495 and \$185,891 at September 30, 2018 and 2017.

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, 2018 and 2017:

	2018	2017
Operating Reserve	\$ 95,000	\$ 95,000
Capital Reserve	73,830	73,830
Food Acquisition and Distribution Reserve	-	352,734
Endowment	25,000	25,000
	\$ 193,830	\$ 546,564

FOOD FINDERS FOOD BANK, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2018 and 2017

TEMPORARILY RESTRICTED NET ASSETS

Net assets with donor restrictions were as follows at September 30, 2018:

Restriction	Beginning Balance	Temporarily Restricted Contribution	Released From Restriction	Transferred	Ending Balance
Sale of donated food	\$ 610,316	\$ 11,929,385	\$ (11,575,980)	\$ -	\$ 963,721
McAllister program	-	-	-	-	-
United Way allocation	107,989	231,300	(220,410)	-	118,879
Backpack program	102,961	499,145	(482,432)	-	119,674
School Pantries	61,991	42,483	(51,077)	-	53,397
Mobile Pantry and Food Box	9,750	201,976	(187,226)	-	24,500
Senior Program	3,192	29,050	(32,042)	-	200
Summer Feeding program	-	114,573	(114,573)	-	-
Deer processing	-	-	-	-	-
Bornlearning	-	-	-	-	-
FREC	-	152,978	(151,103)	-	1,875
Capital campaign	9,026	132,200	(16,487)	-	124,739
Endowment earnings	-	2,064	(2,064)	-	-
Other	150,000	60,768	(166,649)	-	44,119
	<u>\$ 1,055,225</u>	<u>\$ 13,395,922</u>	<u>\$ (13,000,043)</u>	<u>\$ -</u>	<u>\$ 1,451,104</u>

Net assets with donor restrictions were as follows at September 30, 2017:

Restriction	Beginning Balance	Temporarily Restricted Contribution	Released From Restriction	Transferred	Ending Balance
Sale of donated food	\$ 367,085	\$ 10,712,984	\$ (10,469,753)	\$ -	\$ 610,316
McAllister program	17,363	-	-	(17,363)	-
United Way allocation	63,833	221,000	(176,844)	-	107,989
Backpack program	40,200	529,762	(467,001)	-	102,961
School Pantries	65,406	35,584	(38,999)	-	61,991
Mobile Pantry and Food Box	7,000	147,056	(144,306)	-	9,750
Senior Program	-	18,834	(15,642)	-	3,192
Summer Feeding program	10,000	79,795	(89,795)	-	-
Deer processing	840	-	(840)	-	-
Bornlearning	-	41,785	(41,785)	-	-
FREC	30,988	73,196	(121,547)	17,363	-
Capital campaign	-	93,559	(84,533)	-	9,026
Endowment earnings	-	3,670	(3,670)	-	-
Other	-	150,000	-	-	150,000
	<u>\$ 602,715</u>	<u>\$ 12,107,225</u>	<u>\$ (11,654,715)</u>	<u>\$ -</u>	<u>\$ 1,055,225</u>

FOOD FINDERS FOOD BANK, INC.
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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, 2018 and 2017 and changes in the net endowment assets for the years ended September 30, 2018 and 2017 are as follows:

	Board Designated <u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	Total Net Endowment <u>Assets</u>
Beginning Balance 10-1-2016	\$ 25,000	\$ -	\$ -	\$ 25,000
Earnings, net of fees	-	557	-	557
Unrealized gain	-	3,901	-	3,901
Realized gain (loss)	-	(788)	-	(788)
Released from restriction	-	(3,670)	-	(3,670)
Ending Balance 9-30-2017	<u>25,000</u>	<u>-</u>	<u>-</u>	<u>25,000</u>
Earnings, net of fees	-	825	-	825
Unrealized gain	-	948	-	948
Realized gain	-	291	-	291
Released from restriction	-	(2,064)	-	(2,064)
Ending Balance 9-30-2018	<u><u>\$ 25,000</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 25,000</u></u>

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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.

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.

There were no transfers between levels or changes in the methodologies used for valuation during the years ended September 30, 2018 and 2017.

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.

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FAIR VALUE MEASUREMENTS (Continued)

Fair values of assets measured on a recurring basis at September 30, 2018 and 2017:

	2018			
	Fair Value	Level 1	Level 2	Level 3
Mutual Funds, CEFs & ETFs	\$ 341,553	\$ 341,553	\$ -	\$ -
Unconditional Promises to Give	\$ 211,062	\$ -	\$ 211,062	\$ -
Community Foundation Investment	\$ 33,986	\$ -	\$ -	\$ 33,986
Beneficial interest in perpetual trust	\$ 193,495	\$ -	\$ -	\$ 193,495
	2017			
	Fair Value	Level 1	Level 2	Level 3
Mutual Funds, CEFs & ETFs	\$ 442,734	\$ 442,734	\$ -	\$ -
Unconditional Promises to Give	\$ 300,918	\$ -	\$ 300,918	\$ -
Community Foundation Investment	\$ 31,922	\$ -	\$ -	\$ 31,922
Beneficial interest in perpetual trust	\$ 229,821	\$ -	\$ -	\$ 229,821

Level 3

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

	2018	2017
Beginning balance	\$ 31,922	\$ 29,671
Earnings, net of fees	825	557
Unrealized gain (loss)	948	3,901
Realized gain (loss)	291	(788)
Grant	-	(1,419)
Ending Balance	\$ 33,986	\$ 31,922

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.

	2018	2017
Beginning balance	\$ 229,821	\$ 447,361
Distribution	(43,930)	(230,000)
Change in value	7,604	12,460
Ending Balance	\$ 193,495	\$ 229,821

FUNDS HELD FOR OTHERS

During the years ended September 30, 2018 and 2017, the Organization received \$0 and \$75,000 from a granting source and agreed to distribute funds on behalf of this granting source. Distributions of \$16,649 and \$109,958 were made during the years leaving a balance of \$0 and \$16,649 yet to be distributed.

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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 \$49,592 and \$46,805 during the years ended September 30, 2018 and 2017, 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 \$553 and \$5,720 were paid during the years ended September 30, 2018 and 2017, 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.

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, 2018 and 2017, by the fiscal year of the award.

	Award Amount	Expenditures	
	<u>By Fiscal Year</u>	<u>2018</u>	<u>2017</u>
City of Lafayette			
FY 2016-2017	\$ -	\$ -	\$ -
FY 2017-2018	\$ 3,746	378	3,368
FY 2018-2019	\$ -	-	-
		<u>378</u>	<u>3,368</u>
City of West Lafayette			
FY 2016-2017	\$ 5,000	-	3,750
FY 2017-2018	\$ 9,721	7,365	2,356
FY 2018-2019	\$ 12,388	3,097	-
		<u>10,462</u>	<u>6,106</u>
Total		<u>\$ 10,840</u>	<u>\$ 9,474</u>

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NONCASH INVESTING ACTIVITY

During the year ended September 30, 2018, the Organization received contributions of stock valued at \$46,204 and fixed assets valued at \$18,915. During the year ended September 30, 2017, the Organization received contributions of stock valued at \$50,227 and fixed assets valued at \$9,107.

PRIOR PERIOD ADJUSTMENT

Net assets at the beginning of the September 30, 2018 fiscal year have been adjusted to reduce prior year grant revenue and prior year unconditional promises to give by \$100,000. While preparing the September 30, 2018 financial statements, it was discovered that a 2017 grant receivable recorded as revenue should have replaced a 2017 capital campaign receivable instead. The correction has no effect on the results of the current year's activities.