

**RHODE ISLAND COMMUNITY  
FOOD BANK ASSOCIATION**

**YEAR ENDED JUNE 30, 2013**



RHODE ISLAND COMMUNITY FOOD BANK ASSOCIATION

YEAR ENDED JUNE 30, 2013

(WITH COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2012)

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## **Independent Auditors' Report**

Board of Directors  
Rhode Island Community Food Bank Association  
Cranston, Rhode Island

We have audited the accompanying financial statements of Rhode Island Community Food Bank Association (the Food Bank), which comprise the statement of financial position as of June 30, 2013, the related statements of activities and changes in net assets, functional expenses and cash flows for the year 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 audit. We conducted our audit 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 auditors' 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.

*A Limited Liability Partnership*

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## **Independent Auditors' Report (Continued)**

Board of Directors  
Rhode Island Community Food Bank Association

### **Opinion**

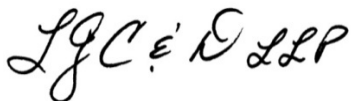
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rhode Island Community Food Bank Association as of June 30, 2013, and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

As discussed in Note 1 to the financial statements, effective July 1, 2012, the Food Bank modified its costing methodology for determining the value of donated food.

### **Report on Summarized Comparative Information**

We have previously audited the Food Bank's 2012 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 10, 2012. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2012 is consistent, in all material respects, with the audited financial statements from which it has been derived.



Providence, Rhode Island  
October 10, 2013

RHODE ISLAND COMMUNITY FOOD BANK ASSOCIATION

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2013

(WITH COMPARATIVE FINANCIAL INFORMATION AS OF JUNE 30, 2012)

	2013				2012
	Operations		Plant	Total	Total
	Unrestricted	Restricted			
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 563,477	\$ 306,002	\$ 15,870	\$ 885,349	\$ 1,134,367
Promises to give	13,366	10,000		23,366	31,252
Accounts receivable	159,730	10,000		169,730	197,318
Food inventory	434,294	635,576		1,069,870	1,063,107
Investments	1,210,189			1,210,189	1,054,294
Prepaid expenses	101,950			101,950	116,051
Total current assets	2,483,006	961,578	15,870	3,460,454	3,596,389
Property and equipment, net			6,702,819	6,702,819	6,801,529
Investments, less current portion	2,683,921		1,587	2,685,508	2,365,902
Total assets	<u>\$ 5,166,927</u>	<u>\$ 961,578</u>	<u>\$ 6,720,276</u>	<u>\$ 12,848,781</u>	<u>\$ 12,763,820</u>
<b>LIABILITIES AND NET ASSETS</b>					
Liabilities, all current:					
Accounts payable	\$ 61,065		\$ -	\$ 61,065	\$ 114,441
Accrued expenses	260,831	\$ 103,271		364,102	271,575
Total liabilities	321,896	103,271	-	425,167	386,016
Net assets:					
Unrestricted net assets:					
Undesignated	2,161,110	-	8,707	2,169,817	2,472,571
Board-designated:					
Contingency reserve	2,683,921			2,683,921	2,364,316
Property and equipment			6,702,819	6,702,819	6,801,529
Total unrestricted net assets	4,845,031	-	6,711,526	11,556,557	11,638,416
Temporarily restricted net assets		858,307	8,750	867,057	739,388
Total net assets	4,845,031	858,307	6,720,276	12,423,614	12,377,804
Total liabilities and net assets	<u>\$ 5,166,927</u>	<u>\$ 961,578</u>	<u>\$ 6,720,276</u>	<u>\$ 12,848,781</u>	<u>\$ 12,763,820</u>

See notes to financial statements.

RHODE ISLAND COMMUNITY FOOD BANK ASSOCIATION

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED JUNE 30, 2013

(WITH COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2012)

	2013				2012
	Operations		Plant	Total	Total
	Unrestricted	Restricted			
Changes in unrestricted net assets:					
Public support and revenue:					
Annual campaign/memberships	\$ 4,135,339	\$ -	\$ -	\$ 4,135,339	\$ 4,212,715
Shared maintenance	409,671			409,671	416,689
Cooperative buying program	665,318			665,318	776,356
Special events revenue, net of event expenses (2013, \$39,194; 2012, \$81,200)	132,897			132,897	221,120
Government grants and contracts	348,012			348,012	184,415
In-kind contributions	25,000			25,000	48,465
Promotion sales	2,236			2,236	15,274
Net investment income (loss)	176,671			176,671	(65,346)
Other	48,152		13,000	61,152	55,556
Total unrestricted public support and revenue	5,943,296	-	13,000	5,956,296	5,865,244
Net assets released from restrictions	10,777,723		153,499	10,931,222	10,140,470
Total unrestricted public support and revenue, and other support	16,721,019	-	166,499	16,887,518	16,005,714
Expenses:					
Program services:					
Food distribution and related services	14,840,609	-	270,173	15,110,782	14,102,800
Supporting services:					
Management and general	736,701	-	15,010	751,711	800,319
Development	1,091,874		15,010	1,106,884	1,123,322
Total supporting services	1,828,575	-	30,020	1,858,595	1,923,641
Total expenses	16,669,184	-	300,193	16,969,377	16,026,441
Increase (decrease) in unrestricted net assets	51,835	-	(133,694)	(81,859)	(20,727)
Changes in temporarily restricted assets:					
Return on investments	-	-	-	-	306
Food contributions		9,282,394		9,282,394	8,527,582
USDA food contributions		-		-	7,003
Foundation grants		1,466,770	120,495	1,587,265	1,341,778
Government grants and contracts		189,232		189,232	231,828
Net assets released from restrictions		(10,777,723)	(153,499)	(10,931,222)	(10,140,470)
Increase (decrease) in temporarily restricted net assets	-	160,673	(33,004)	127,669	(31,973)
Increase (decrease) in net assets	51,835	160,673	(166,698)	45,810	(52,700)
Net assets, beginning of year	4,793,196	697,634	6,886,974	12,377,804	12,430,504
Net assets, end of year	\$ 4,845,031	\$ 858,307	\$ 6,720,276	\$ 12,423,614	\$ 12,377,804

See notes to financial statements.

RHODE ISLAND COMMUNITY FOOD BANK ASSOCIATION

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2013

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2012)

	Program services			Supporting services			2013	2012	
	Nutrition education	Community Kitchen and Kids Café	Food distribution	Total program services	Management and general	Development	Total supporting services	Total expenses	Total expenses
Salaries and related expenses:									
Salaries	\$ 47,238	\$ 224,182	\$ 1,247,675	\$ 1,519,095	\$ 413,717	\$ 476,443	\$ 890,160	\$ 2,409,255	\$ 2,322,913
Employees' health, retirement and fringe benefits	10,393	47,525	260,368	318,286	91,575	104,765	196,340	514,626	474,173
Payroll taxes	4,015	18,886	105,532	128,433	36,257	40,753	77,010	205,443	200,623
Total salaries and related expenses	61,646	290,593	1,613,575	1,965,814	541,549	621,961	1,163,510	3,129,324	2,997,709
Administrative and program expenses:									
Advertisement and promotional	-	-	14,596	14,596	1,710	12,051	13,761	28,357	106,304
Grants to organizations	-	-	99,683	99,683	-	-	-	99,683	-
Agency shared maintenance credits	-	-	143,429	143,429	-	-	-	143,429	304,685
Bad debt	-	-	-	-	900	460	1,360	1,360	2,863
Bank and payroll services fees	-	-	-	-	48,677	-	48,677	48,677	44,771
Consultants	4,160	3,643	50,324	58,127	18,176	34,331	52,507	110,634	72,090
Direct mail	-	-	-	-	-	344,060	344,060	344,060	343,717
Dues and subscriptions	-	200	9,871	10,071	2,527	5,148	7,675	17,746	18,874
Equipment and maintenance	2,172	9,423	92,787	104,382	19,717	21,949	41,666	146,048	155,734
Food - donated food distributed	-	-	9,406,147	9,406,147	-	-	-	9,406,147	8,411,318
Food - USDA food distributed	-	-	-	-	-	-	-	-	7,003
Food - cooperative buying program	-	-	647,349	647,349	-	-	-	647,349	689,625
Food - other food purchases	7,692	93,114	1,379,751	1,480,557	-	-	-	1,480,557	1,642,473
Freight and product processing	-	-	318,389	318,389	-	-	-	318,389	294,231
Insurance	257	1,026	21,820	23,103	8,306	1,283	9,589	32,692	33,563
Lobbying expenses, in-kind	-	-	-	-	25,000	-	25,000	25,000	36,000
Other, in-kind	-	-	-	-	-	-	-	-	3,750
Meetings, conferences and staff training	26	665	7,917	8,608	15,996	4,867	20,863	29,471	25,686
Mileage	479	2,102	9,772	12,353	903	846	1,749	14,102	11,125
Miscellaneous	-	-	13,680	13,680	6,657	9	6,666	20,346	8,779
Postage	-	1,189	3,204	4,393	4,206	12,680	16,886	21,279	28,367
Printing and publication	-	369	613	982	-	16,785	16,785	17,767	18,957
Professional fees	-	-	-	-	27,323	-	27,323	27,323	23,235
Site reimbursements	-	142,703	-	142,703	-	-	-	142,703	80,550
Student expenses	-	38,741	-	38,741	-	-	-	38,741	43,314
Supplies	2,732	22,302	48,737	73,771	4,407	4,592	8,999	82,770	78,281
Telephone	347	1,564	7,644	9,555	3,822	3,996	7,818	17,373	16,966
Temporary personnel	-	-	43,262	43,262	-	-	-	43,262	1,050
Transportation	-	13,413	76,435	89,848	-	-	-	89,848	107,968
Trash removal	281	8,438	16,596	25,315	1,406	1,406	2,812	28,127	31,468
Utilities	1,084	4,336	92,123	97,543	5,419	5,419	10,838	108,381	98,194
Volunteer expense	-	-	8,208	8,208	-	31	31	8,239	8,981
Total administrative and program expenses	19,230	343,228	12,512,337	12,874,795	195,152	469,913	665,065	13,539,860	12,749,922
Depreciation	3,002	12,008	255,163	270,173	15,010	15,010	30,020	300,193	278,810
Total expenses	\$ 83,878	\$ 645,829	\$ 14,381,075	\$ 15,110,782	\$ 751,711	\$ 1,106,884	\$ 1,858,595	\$ 16,969,377	\$ 16,026,441

See notes to financial statements.

RHODE ISLAND COMMUNITY FOOD BANK ASSOCIATION

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2013

(WITH COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2012)

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Change in net assets	\$ 45,810	\$ (52,700)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	300,193	278,810
Net change in donated food inventory	123,753	(116,264)
Contribution restricted for purchase of property and equipment	(120,495)	(403,500)
Net (gain) loss on investments	(150,364)	88,947
Bad debt expense	1,360	2,863
Donated asset	-	(5,215)
Changes in operating assets and liabilities:		
Promises to give	7,886	36,121
Accounts receivable	26,228	(9,278)
Food inventory	(130,516)	195,603
Prepaid expenses	14,101	(1,804)
Accounts payable	(53,376)	7,256
Accrued expenses	92,527	(57,466)
Net cash provided by (used in) operating activities	<u>157,107</u>	<u>(36,627)</u>
Cash flows from investing activities:		
Proceeds from sale of investments	142,663	1,447,673
Purchases of investments	(467,800)	(1,466,521)
Purchases of property and equipment	(201,483)	(578,124)
Net cash used in investing activities	<u>(526,620)</u>	<u>(596,972)</u>
Cash provided by financing activities, contribution restricted for purchase of property and equipment	<u>120,495</u>	<u>403,500</u>
Net decrease in cash and cash equivalents	(249,018)	(230,099)
Cash and cash equivalents, beginning of year	<u>1,134,367</u>	<u>1,364,466</u>
Cash and cash equivalents, end of year	<u>\$ 885,349</u>	<u>\$ 1,134,367</u>

Supplemental disclosure, noncash transaction:

During the year ended June 30, 2013, the Food Bank received approximately \$9,282,000 of donated food. Donated food distributions for the year ended June 30, 2013 totaled approximately \$9,406,000.



RHODE ISLAND COMMUNITY FOOD BANK ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2013

1. Description of organization and summary of significant accounting policies:

Description of organization:

The Rhode Island Community Food Bank Association (the Food Bank) is a not-for-profit entity organized under the general laws of the State of Rhode Island (State). The Food Bank's mission is to provide food to people in need and promote long-term solutions to the problem of hunger.

Basis of financial statement presentation:

The Food Bank's net assets and activities that increase or decrease net assets are classified as either unrestricted, temporarily restricted or permanently restricted:

Unrestricted net assets are those without any donor-imposed restrictions as to their use and are available for the general operations of the Food Bank. The Board of Directors (Board) has designated certain unrestricted net assets as a contingency reserve, which consists of funds set aside to protect the programs of the Food Bank in the event of economic downturn, unforeseen expenditures, or catastrophic events which might prevent or inhibit the Food Bank from accomplishing its mission. In addition, net assets have been designated for the purchase of property and equipment.

Temporarily restricted net assets are those whose use by the Food Bank has been limited by donors to a specific time period or purpose. When a donor restriction expires, either by the passage of a stipulated time restriction or by the accomplishment of a specific purpose restriction, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets as net assets released from restrictions.

Permanently restricted net assets have been restricted by donors to be maintained by the Food Bank in perpetuity. The Food Bank had no permanently restricted net assets during the year ended June 30, 2013.

In addition, the activities of the Food Bank are reported in self-balancing fund groups as follows:

Operations fund represents funds which are available for support of the Food Bank's programs and day-to-day activities.

Plant fund represents funds expended on property and equipment as well as resources designated for further property and equipment acquisitions.

RHODE ISLAND COMMUNITY FOOD BANK ASSOCIATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2013

1. Description of organization and summary of significant accounting policies (continued):

Use of estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Summarized financial information:

The accompanying financial statements include prior year summarized comparative information for 2012 expenses. Such information does not include sufficient detail to constitute a presentation of functional expenses in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Food Bank's financial statements for the year ended June 30, 2012, from which the summarized information was derived.

Contributions and net assets released from restrictions:

The Food Bank records contribution revenue in the fiscal year in which the contribution is made. If the contribution is made in assets other than cash, the amount of the contribution is measured at the fair value of the asset contributed at the date the contribution or unconditional promise to give is made by the donor.

Contributions of cash, including collections of any unconditional promises to give, and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated asset.

Gifts of long-lived assets such as land, buildings, or equipment are reported as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported as such assets are depreciated.

Shared maintenance revenue:

Shared maintenance revenue arises from a per pound fee charged to member agencies for the Food Bank's product and is used to help defray operating costs. Member agencies provide assistance to those in need, including pantries, meal sites, group homes, shelters, and transitional housing facilities. Shared maintenance fees for the year ended June 30, 2013 were \$0.10 and \$0.18 per pound of product for emergency and non-emergency providers, respectively.

RHODE ISLAND COMMUNITY FOOD BANK ASSOCIATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2013

1. Description of organization and summary of significant accounting policies (continued):

Fair value measurements:

Accounting guidance pertaining to fair value measurements provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy are described as follows:

Level 1: Quoted market prices in active markets for identical assets or liabilities

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data

Level 3: Unobservable inputs that are not corroborated by market data

Cash and cash equivalents:

Cash and cash equivalents consist of cash on hand, time and demand deposits and short-term investments maturing within three months from the date of acquisition, excluding cash invested in certain money market accounts, which are classified as "investments" for financial statement presentation purposes. Cash equivalents, which totaled \$1,160,630 at June 30, 2013, are not insured by the Federal Deposit Insurance Corporation.

Accounts receivable:

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to bad debt expense and a credit to an allowance for doubtful accounts based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for doubtful accounts and a credit to accounts receivable. At June 30, 2013, accounts receivable are reported net of an allowance for doubtful accounts of approximately \$2,500.

Food inventory:

The majority of the food distributed by the Food Bank is donated. Donated food is recorded as contribution revenue using per-pound values established by Feeding America, the national food bank network. Prior to July 1, 2012, an average cost per pound was used to value donated inventory, regardless of the category. Effective July 1, 2012, the Food Bank values inventory using an average cost for each category of donated inventory, as opposed to one average for all categories combined. This change resulted in an increase in donated inventory at June 30, 2013 of approximately \$112,000 and an increase in net assets for 2013 of approximately \$96,000.

RHODE ISLAND COMMUNITY FOOD BANK ASSOCIATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2013

1. Description of organization and summary of significant accounting policies (continued):

Food inventory (continued):

The Food Bank supplements its donated food supply by purchasing nutritious food items not normally donated to the Food Bank. Purchases made using the Food Bank's unrestricted funds are either distributed free of charge, through shared maintenance or are sold at a small percentage above the Food Bank's cost. Purchases made using restricted grant funds are distributed to members in the normal course of business or, if requested by the donor, free of charge.

Purchased food inventory on hand at year-end is recorded in the accompanying statement of financial position at the lower of cost or market.

Property and equipment:

Property and equipment is stated at cost, except for donated equipment which is capitalized at its fair value at the date of donation. Depreciation is provided using the straight-line method over the estimated useful lives of the assets.

The Food Bank evaluates long-lived assets held and used by the Food Bank for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. An impairment loss is recognized if the sum of the expected undiscounted future cash flows from the use and disposition of the asset is less than its carrying amount. Generally, the amount of an impairment loss is measured as the difference between the carrying amount of the asset and the estimated fair value of the asset. The Food Bank did not record an impairment loss during the year ended June 30, 2013.

Investments:

Investments, all of which are classified as "available for sale," are stated at fair value determined using Level 1 inputs. Investments sold are identified using the specific identification method.

The Food Bank invests in a professionally managed portfolio. Such investments are exposed to various risks such as interest rate, market and credit risk. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risk in the near term would materially affect investment balances and the amounts reported in the financial statements.

RHODE ISLAND COMMUNITY FOOD BANK ASSOCIATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2013

1. Description of organization and summary of significant accounting policies (continued):

Contributed services:

The Food Bank actively solicits and receives support from the community and local businesses in the form of contributed goods and services related to its efforts in responding to local needs, fundraising and administrative functions. Donated materials are recorded at their fair value at the date of the gift.

In addition, a substantial number of volunteers have made significant contributions of their time to assist in providing quality program services to the Food Bank; such contributed services consisted primarily of food sorting and salvage operations. These services, as well as those noted above, are not reported as support and expenses in the statement of activities and changes in net assets since such services either do not require specialized skills or would not typically be purchased if not provided by donation.

During 2013, the Food Bank engaged the services of a pro-bono lobbyist to help secure funding from the State. These services are reported as support and expenses in the statement of activities and changes in net assets at their estimated fair value of \$25,000.

Advertising:

Advertising costs are expensed as incurred.

Income taxes:

The Food Bank is an exempt organization under Section 501(c)3 of the Internal Revenue Code and is therefore not subject to income taxes.

The Food Bank annually files Internal Revenue Service (IRS) Form 990 – *Return of Organization Exempt From Income Tax*, reporting various information that the IRS uses to monitor the activities of tax-exempt entities. These tax returns are subject to review by the taxing authorities and the Food Bank's income tax returns for 2010, 2011, and 2012 are subject to examination by the IRS and state tax authorities, generally for three years after they were filed. The Food Bank currently has no tax examinations in progress.

Subsequent events:

The Food Bank has evaluated subsequent events through October 10, 2013, the date that the accompanying financial statements were available to be issued.

# RHODE ISLAND COMMUNITY FOOD BANK ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2013

### 2. Program service accomplishments (unaudited):

The Rhode Island Community Food Bank is the sole food bank in the state. A member of Feeding America, the national network of over 200 food banks, the Food Bank's primary function is to act as a food distribution center: soliciting, collecting, storing and distributing donated, purchased, surplus and salvageable food for our 178 nonprofit member agencies at 238 sites throughout the state. Millions of pounds of food are distributed through our network of food pantries, meal sites, emergency shelters, group homes, day-care centers, youth programs and senior centers.

The need for food assistance remained high in fiscal year 2013 (FY 2013) as Rhode Island continued to struggle with a stagnant economy and high unemployment. We rank the highest in unemployment and in food insecurity in all of New England. According to the USDA, 15.5% (67,000) of Rhode Island households are food insecure, meaning they cannot afford adequate food to feed their families. Our child poverty rate is also the highest in New England at 22%. These factors have resulted in more individuals and families needing food assistance than ever before.

Since the beginning of the economic recession, there has been an increase of 84% in the number of people seeking food assistance statewide. Although the economy is beginning to improve—for low-income and unemployed adults, particularly parents, there has been little relief. Unemployment benefits and cash assistance for low-income families have become increasingly limited. As a result, we anticipate that the need for food assistance will remain at the current record level (68,000 people monthly) for the foreseeable future.

Our main achievement for FY 2013 was our ability to exceed our goal of maintaining level food distribution at 9.5 million pounds. In FY 2013, we distributed nearly 10 million pounds of food, feeding over 68,000 people monthly. This is noteworthy given the challenges faced over the last five years. While the demand for food assistance has increased 84%, efficiencies in supermarket operations have resulted in the loss of 2 million pounds of donated food since 2009. This decrease has compelled us to increase our acquisition by purchasing food at wholesale. In FY 2013, 35% of our overall food supply was secured through wholesale purchasing. This negatively impacts our budget as purchasing food results in higher costs to maintain the same level of food distribution.

Another achievement was our distribution of core food. Over the past three years, the Food Bank has increased the amount of wholesome, healthy core foods that we distribute, like fruits, vegetables, grains, and protein. Currently 87% of all food distributed is core, healthy food. 2.3 million pounds of our overall distribution of nearly 10 million pounds was fresh produce.

In addition to securing and distributing food for our member agencies, the Food Bank sponsors a variety of direct service programs designed to better the lives of the poor in its service area. These include:

RHODE ISLAND COMMUNITY FOOD BANK ASSOCIATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2013

2. Program service accomplishments (unaudited) (continued):

Community Kitchen job training program- a full-time, 14-week culinary job training program that provides low-income adults with the culinary and life skills necessary to obtain and sustain entry-level, upwardly mobile food service industry jobs. As part of their training, students create approximately 450 nutritious meals daily, Tuesday through Friday, for distribution to our Providence and East Providence Kids Cafe locations. During Fiscal Year 2013, the Food Bank conducted four Community Kitchen classes (Class 47- Class 50), graduating 52 students. In FY 2013, we achieved a 100% retention rate to graduation of our students and 83% of new graduates have secured employment to date. Of note, 100% of students from Class 47, which ended in September 2012, have been placed, 85% of Classes 48 and 49 have been placed and 62% of Class 50 have already been placed.

Kids Cafe- serves wholesome evening meals to children at risk of hunger, supplementing federal school nutrition programs. In Fiscal Year 2013, the Food Bank expanded the Kids Cafe program from nine sites to twelve sites, providing meals to over 650 children each week. Sites are located at Boys & Girls Clubs and Community Centers in East Providence (1); Providence (7); Central Falls (2); and Newport (2). Kids Cafe meals are provided to East Providence and Providence through the Food Bank's Community Kitchen program, to Newport through an on-site Food Bank staff chef, and to Central Falls through a vended food service company. Each week, approximately 1,900 meals are provided to children who may not otherwise have access to a nutritious evening meal. This amounts to approximately 98,000 meals each year.

Community Cooking: Wholesome Eating on a Budget – a nutrition education program that provides tips and demonstrations to food pantry clients and staff on how to prepare nutritious meals using Food Bank staples. Education topics include teaching people with limited resources the best ways to use the food available from the Food Bank to create healthy meals, how to stretch dollars further in the grocery store by planning recipes and how to access the Supplemental Nutrition Assistance Program (SNAP)- formerly the Food Stamp Program. In FY 2013, Food Bank staff provided 68 direct outreach modules (8-week workshops, on-site nutrition modules and demos) and 10 agency train-the-trainer workshops. Overall, 1,506 clients and staff participated in nutrition education programming.

Volunteers- Volunteers are a critical component in meeting the labor requirements of the Food Bank's sorting and salvage operation. In FY 2013, approximately 1,187 volunteers contributed more than 18,500 hours of service to the Food Bank. Volunteers also provided help with transportation, fundraising and administrative support.

Advocacy, Education and Outreach: The Food Bank provided leadership and information to support increased utilization of government nutrition assistance programs and advocated for effective solutions toward the alleviation of hunger. Highlights of the Food Bank's advocacy and public education included:

RHODE ISLAND COMMUNITY FOOD BANK ASSOCIATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2013

2. Program service accomplishments (unaudited) (continued):

SNAP (formerly Food Stamps) Outreach: In collaboration with URI's Feinstein Center for a Hunger Free America and the Rhode Island Department of Human Services (DHS), the Food Bank's outreach staff worked to increase awareness of SNAP, offered pre-screening for SNAP eligibility and provided assistance in completing the SNAP application. In FY 2013, the Food Bank focused SNAP assistance to senior populations, providing direct application assistance to nearly 200 seniors, helping them obtain SNAP benefits.

Status Report on Hunger: In November 2012, the Food Bank released its sixth annual *Status Report on Hunger*, which compiles information documenting the extent of hunger and food insecurity in the state and highlights key areas of need. Status Report recommendations help the Food Bank outline advocacy efforts for the upcoming year.

Women Ending Hunger: The (WEH) volunteer group continues to be active in advocating around hunger issues by educating the public about these issues and working towards long-term solutions.

3. Investments:

Investments consist of the following:

Certificate of deposit	\$ 1,587
Money market funds	1,922,500
Corporate and foreign bonds, rated:	
A+	26,215
A	25,960
A-	97,752
BBB+	78,840
BBB	76,862
BBB-	51,703
	<u>357,332</u>

(continued)



RHODE ISLAND COMMUNITY FOOD BANK ASSOCIATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2013

3. Investments (continued):

Equity securities:

Consumer	\$ 82,055
Consumer staples	72,043
Energy	80,495
Financial	136,492
Health care	99,597
Industrial	94,267
Information	140,563
Materials	28,131
Telecommunication	16,815
Utilities	22,407
	<hr/>
	772,865
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Mutual funds:

Domestic fixed income	46,807
International fixed income	80,743
Domestic equity	281,595
International equity	370,797
Other	61,471
	<hr/>
	841,413
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	\$ 3,895,697
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Net investment income is comprised of the following:

Interest and dividends	\$ 44,374
Net gain on investments	150,364
Fees	(18,067)
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	\$ 176,671
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RHODE ISLAND COMMUNITY FOOD BANK ASSOCIATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2013

4. Property and equipment:

Land	\$ 308,000
Building	2,492,000
Building improvements	4,998,780
Motor vehicles	622,009
Equipment	943,105
Furniture and fixtures	<u>80,626</u>
	9,444,520
Less accumulated depreciation	<u>2,741,701</u>
	<u><u>\$ 6,702,819</u></u>

5. Temporarily restricted net assets:

Temporarily restricted net assets are restricted for the following purposes:

	<u>Operations</u>	<u>Plant</u>	<u>Total</u>
Restricted for major capital improvements and fixed asset acquisition	\$ -	\$ 8,750	\$ 8,750
SNAP Outreach	37,500		37,500
Pantry Express	25,000		25,000
Kids Cafe	5,000		5,000
Community Kitchen	5,000		5,000
Food Acquisition	230,000		230,000
Community Farms	11,380		11,380
Summer Feeding Program	12,121		12,121
Inventory	<u>532,306</u>		<u>532,306</u>
	<u><u>\$ 858,307</u></u>	<u><u>\$ 8,750</u></u>	<u><u>\$ 867,057</u></u>

RHODE ISLAND COMMUNITY FOOD BANK ASSOCIATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2013

6. Line of credit:

The Food Bank has a line of credit facility providing for borrowings up to \$500,000 with interest payable monthly at the London InterBank Offered Rate (LIBOR), which changes on the first of every month, (0.19% at June 30, 2013) plus 2%. The line of credit is secured by the Food Bank's cash and investment portfolio. No amounts were outstanding under the line of credit at June 30, 2013.

7. Accrued expenses:

Payroll, including compensated absences	\$ 217,894
Payroll taxes and withholding	6,612
Pension	12,815
Other	23,510
Inventory held for Department of Human Services	<u>103,271</u>
	<u>\$ 364,102</u>

8. Pension plan:

The Food Bank provides a 401(k) plan and a 403(b) employee contribution plan. Under the 401(k) plan, employees become eligible upon employment, with the employer match beginning the first quarter after the employee completes three months of service. There is also a discretionary employer contribution determined by the Board for all employees with at least three months of service and at least 1,000 hours of service during the year of eligibility. Pension plan expense relating to the 401(k) plan for the year ended June 30, 2013 was approximately \$48,800.

The 403(b) plan is entirely funded by employee contributions.

9. Membership dues:

The Food Bank is a member of Feeding America, the nation's largest domestic hunger relief organization. As a member, the Food Bank is required to distribute all of the food donations received during the fiscal year to other tax-exempt organizations. Membership dues charged by Feeding America consist of two components: the first component is a flat rate charged to all member food banks; the second component is an incremental fee calculated using the Food Bank's goal factor. The goal factor is determined by comparing the poverty population rate in the member food bank's service area to the total poverty rate in the United States. During the year ended June 30, 2013, the Food Bank paid approximately \$8,700 in membership dues.