

**RHODE ISLAND COMMUNITY
FOOD BANK ASSOCIATION**

**YEAR ENDED JUNE 30, 2015
(WITH COMPARATIVE FINANCIAL
INFORMATION FOR THE
YEAR ENDED JUNE 30, 2014)**



RHODE ISLAND COMMUNITY FOOD BANK ASSOCIATION

YEAR ENDED JUNE 30, 2015

(WITH COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2014)

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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, 2015, 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)

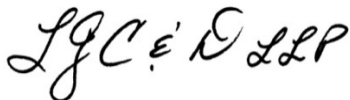
Board of Directors
Rhode Island Community Food Bank Association

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, 2015, 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.

Report on Summarized Comparative Information

We have previously audited the Food Bank's 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 6, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.



Providence, Rhode Island
October 14, 2015

RHODE ISLAND COMMUNITY FOOD BANK ASSOCIATION

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2015

(WITH COMPARATIVE FINANCIAL INFORMATION AS OF JUNE 30, 2014)

	2015				2014
	Operations		Plant	Total	Total
	Unrestricted	Restricted			
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 1,107,468	\$ 121,394	\$ 99,431	\$ 1,328,293	\$ 1,034,686
Promises to give	1,000			1,000	1,000
Accounts receivable	150,802	27,000		177,802	214,002
Food inventory	369,081	377,607		746,688	1,022,801
Investments	835,259			835,259	910,717
Prepaid expenses	99,888			99,888	92,955
Total current assets	2,563,498	526,001	99,431	3,188,930	3,276,161
Property and equipment, net			6,515,617	6,515,617	6,668,291
Investments, less current portion	3,624,371		1,588	3,625,959	3,126,711
Total assets	<u>\$ 6,187,869</u>	<u>\$ 526,001</u>	<u>\$ 6,616,636</u>	<u>\$ 13,330,506</u>	<u>\$ 13,071,163</u>
LIABILITIES AND NET ASSETS					
Current liabilities:					
Accounts payable	\$ 44,279		\$ -	\$ 44,279	\$ 45,995
Accrued expenses	267,558			267,558	270,955
Other current liability			10,397	10,397	
Inventory held for Department of Human Services		\$ 78,400		78,400	117,060
Total current liabilities	311,837	78,400	10,397	400,634	434,010
Long-term liability			6,749	6,749	
Total liabilities	311,837	78,400	17,146	407,383	434,010
Net assets:					
Unrestricted:					
Undesignated	2,251,661	-	10,791	2,262,452	2,235,422
Board-designated:					
Contingency reserve	3,624,371			3,624,371	3,125,124
Property and equipment			6,515,617	6,515,617	6,668,291
Total unrestricted net assets	5,876,032	-	6,526,408	12,402,440	12,028,837
Temporarily restricted		447,601	73,082	520,683	608,316
Total net assets	5,876,032	447,601	6,599,490	12,923,123	12,637,153
Total liabilities and net assets	<u>\$ 6,187,869</u>	<u>\$ 526,001</u>	<u>\$ 6,616,636</u>	<u>\$ 13,330,506</u>	<u>\$ 13,071,163</u>

See notes to financial statements.

RHODE ISLAND COMMUNITY FOOD BANK ASSOCIATION

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED JUNE 30, 2015

(WITH COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2014)

	2015				2014
	Operations		Plant	Total	Total
	Unrestricted	Restricted			
Changes in unrestricted net assets:					
Public support and revenue:					
Annual campaign/memberships	\$ 4,547,454	\$ -		\$ 4,547,454	\$ 4,361,527
Shared maintenance	356,594			356,594	385,977
Cooperative buying program	659,176			659,176	600,547
Special events revenue, net of event expenses (2015, \$53,343; 2014, \$70,108)	199,693			199,693	162,250
Government grants and contracts	369,824			369,824	474,856
In-kind contributions	25,000			25,000	25,000
Promotion sales	5,711			5,711	8,201
Net investment income	128,307			128,307	371,763
Other	37,722		\$ 3,526	41,248	44,434
Total unrestricted public support and revenue	6,329,481	-	3,526	6,333,007	6,434,555
Net assets released from restrictions	10,787,792		101,284	10,889,076	12,114,142
Total unrestricted public support and revenue, and other support	17,117,273	-	104,810	17,222,083	18,548,697
Expenses:					
Program services:					
Food distribution and related services	14,548,872	-	302,082	14,850,954	16,122,881
Supporting services:					
Management and general	829,783	-	16,753	846,536	806,900
Fundraising and development	1,134,233		16,754	1,150,987	1,146,636
Total supporting services	1,964,016	-	33,507	1,997,523	1,953,536
Total expenses	16,512,888	-	335,589	16,848,477	18,076,417
Increase (decrease) in unrestricted net assets	604,385	-	(230,779)	373,606	472,280
Changes in temporarily restricted assets:					
Food contributions	-	8,597,933		8,597,933	10,053,545
Foundation grants		1,842,013	167,245	2,009,258	1,625,537
Government grants and contracts		194,249		194,249	176,319
Net assets released from restrictions		(10,787,792)	(101,284)	(10,889,076)	(12,114,142)
Increase (decrease) in temporarily restricted net assets	-	(153,597)	65,961	(87,636)	(258,741)
Increase (decrease) in net assets	604,385	(153,597)	(164,818)	285,970	213,539
Net assets, beginning of year	5,354,030	601,198	6,681,925	12,637,153	12,423,614
Transfers	(82,383)		82,383	-	-
Net assets, end of year	\$ 5,876,032	\$ 447,601	\$ 6,599,490	\$ 12,923,123	\$ 12,637,153

RHODE ISLAND COMMUNITY FOOD BANK ASSOCIATION

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2015

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2014)

	Program services					Supporting services			2015	2014
	Food distribution	Nutrition education	Kids Caf�	Community Kitchen	Total program services	Management and general	Fundraising and development	Total supporting services	Total expenses	Total expenses
Salaries and related expenses:										
Salaries	\$ 1,261,667	\$ 59,975	\$ 112,849	\$ 159,490	\$ 1,593,981	\$ 432,140	\$ 505,873	\$ 938,013	\$ 2,531,994	\$ 2,539,397
Employees' health, retirement and fringe benefits	216,305	10,631	19,611	28,910	275,457	110,115	90,325	200,440	475,897	516,357
Payroll taxes	98,512	4,685	8,943	12,611	124,751	47,338	39,004	86,342	211,093	214,808
Total salaries and related expenses	1,576,484	75,291	141,403	201,011	1,994,189	589,593	635,202	1,224,795	3,218,984	3,270,562
Administrative and program expenses:										
Advertising and promotional	47,175	-	-	-	47,175	1,001	13,790	14,791	61,966	28,827
Agency shared maintenance credits	205,798	-	-	-	205,798	-	-	-	205,798	47,413
Bad debts	-	-	-	-	-	1,785	-	1,785	1,785	4,479
Bank and payroll services fees	-	-	-	-	-	54,688	-	54,688	54,688	53,974
Consultants	40,769	19,930	2,617	2,617	65,933	22,806	36,422	59,228	125,161	138,424
Direct mail	-	-	-	-	-	-	342,941	342,941	342,941	348,148
Dues and subscriptions	11,605	-	-	200	11,805	2,898	4,061	6,959	18,764	17,879
Equipment and maintenance	121,892	5,336	5,336	7,420	139,984	22,386	33,881	56,267	196,251	175,784
Food – donated food distributed	8,814,629	-	-	-	8,814,629	-	-	-	8,814,629	10,086,880
Food – cooperative buying program	605,058	-	-	-	605,058	-	-	-	605,058	542,130
Food – other food purchases	1,504,272	3,502	238,663	8,639	1,755,076	-	-	-	1,755,076	1,751,515
Freight and product processing	340,316	-	-	-	340,316	-	-	-	340,316	442,129
Grants to organizations	79,417	-	-	-	79,417	-	-	-	79,417	96,875
Insurance	28,339	333	333	1,000	30,005	12,784	1,667	14,451	44,456	37,277
Lobbying expenses, in-kind	-	-	-	-	-	25,000	-	25,000	25,000	25,000
Meetings, conferences and staff training	12,372	36	-	274	12,682	25,726	7,316	33,042	45,724	44,902
Mileage	7,047	1,892	1,167	1,210	11,316	208	835	1,043	12,359	17,703
Miscellaneous	599	-	-	-	599	9,526	-	9,526	10,125	10,177
Postage	1,600	-	-	589	2,189	3,741	21,668	25,409	27,598	27,094
Printing and publication	277	-	-	-	277	-	19,730	19,730	20,007	24,943
Professional fees	-	-	-	-	-	28,195	-	28,195	28,195	17,246
Site reimbursements	-	-	33,214	-	33,214	-	-	-	33,214	75,716
Student expenses	-	-	-	39,709	39,709	-	-	-	39,709	39,066
Supplies	55,193	11,368	5,743	8,096	80,400	5,638	5,638	11,276	91,676	80,638
Telephone	9,050	951	951	951	11,903	3,804	3,804	7,608	19,511	16,900
Temporary personnel	27,061	-	-	-	27,061	12,726	-	12,726	39,787	59,728
Transportation	93,049	-	9,203	-	102,252	-	-	-	102,252	107,938
Trash removal	15,538	219	2,845	1,094	19,696	1,094	1,094	2,188	21,884	26,605
Utilities	105,138	1,237	1,237	3,711	111,323	6,184	6,184	12,368	123,691	132,916
Volunteer expense	6,866	-	-	-	6,866	-	-	-	6,866	8,019
Total administrative and program expenses	12,133,060	44,804	301,309	75,510	12,554,683	240,190	499,031	739,221	13,293,904	14,486,325
Depreciation and interest expense	285,327	3,351	6,702	6,702	302,082	16,753	16,754	33,507	335,589	319,530
Total expenses	\$ 13,994,871	\$ 123,446	\$ 449,414	\$ 283,223	\$ 14,850,954	\$ 846,536	\$ 1,150,987	\$ 1,997,523	\$ 16,848,477	\$ 18,076,417

See notes to financial statements.

RHODE ISLAND COMMUNITY FOOD BANK ASSOCIATION

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2015

(WITH COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2014)

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Change in net assets	\$ 285,970	\$ 213,539
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	335,082	319,530
Net change in donated food inventory	199,766	33,335
Contribution restricted for purchase of property and equipment	(167,245)	(236,179)
Net gain on investments	(67,074)	(336,526)
Bad debt expense	1,785	4,479
Changes in operating assets and liabilities:		
Promises to give		22,366
Accounts receivable	34,415	(48,751)
Food inventory	76,347	13,734
Prepaid expenses	(6,933)	8,995
Accounts payable	(1,716)	(15,070)
Accrued expenses	(3,397)	10,124
Inventory held for Department of Human Services	(38,660)	13,789
Net cash provided by operating activities	<u>648,340</u>	<u>3,365</u>
Cash flows from investing activities:		
Proceeds from sale of investments	1,223,543	1,691,821
Purchases of investments	(1,580,259)	(1,497,026)
Purchases of property and equipment	(158,770)	(285,002)
Net cash used in investing activities	<u>(515,486)</u>	<u>(90,207)</u>
Cash provided by financing activities:		
Capital lease payments	(6,492)	
Contribution restricted for purchase of property and equipment	167,245	236,179
Net cash provided by financing activities	<u>160,753</u>	<u>236,179</u>
Net increase in cash and cash equivalents	293,607	149,337
Cash and cash equivalents, beginning of year	<u>1,034,686</u>	<u>885,349</u>
Cash and cash equivalents, end of year	<u>\$ 1,328,293</u>	<u>\$ 1,034,686</u>

Supplemental disclosure, noncash transaction:

During the years ended June 30, 2015 and 2014, the Food Bank received approximately \$8,598,000 and \$10,054,000, respectively, of donated food. Donated food distributions for the years ended June 30, 2015 and 2014 totaled approximately \$8,815,000 and \$10,087,000, respectively.

See notes to financial statements.

RHODE ISLAND COMMUNITY FOOD BANK ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

(WITH COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2014)

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. The Food Bank is a member of Feeding America, a national network of food banks and food-rescue organizations. The Food Bank acquires and distributes donated and purchased food to member agencies, primarily food pantries, soup kitchens and shelters. These agencies provide the food to individuals in need of food assistance.

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, 2015.

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 future property and equipment acquisitions.

RHODE ISLAND COMMUNITY FOOD BANK ASSOCIATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2015

(WITH COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2014)

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

Recent accounting pronouncement:

Effective for the year ending June 30, 2020, the Food Bank will adopt the provisions of ASU 2014-09, "*Revenue from Contracts with Customers*," which will replace the current revenue recognition guidance pertaining to contracts with customers contained in accounting principles generally accepted in the United States of America. The effect of adopting ASU 2014-09 on the Food Bank's financial statements has not yet been determined.

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 2014 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, 2014, 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.

RHODE ISLAND COMMUNITY FOOD BANK ASSOCIATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2015

(WITH COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2014)

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

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 years ended June 30, 2015 and 2014 were \$0.10 and \$0.18 per pound of product for emergency and non-emergency providers, respectively.

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 \$1,400,345 and \$972,891 at June 30, 2015 and 2014, respectively, 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, 2015 and 2014, accounts receivable are reported net of an allowance for doubtful accounts of approximately \$1,500.

RHODE ISLAND COMMUNITY FOOD BANK ASSOCIATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2015

(WITH COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2014)

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

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. The Food Bank values inventory using an average cost for each category of donated inventory, as opposed to one average for all categories combined.

Food inventory includes restricted inventory held for the Department of Human Services; a corresponding liability is reported in connection with this arrangement.

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 years ended June 30, 2015 or 2014.

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.

RHODE ISLAND COMMUNITY FOOD BANK ASSOCIATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2015

(WITH COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2014)

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

Investments (continued):

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.

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 2015 and 2014, 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 statements 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.

Subsequent events:

The Food Bank has evaluated subsequent events through October 14, 2015, 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, 2015

(WITH COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2014)

2. Program service accomplishments (unaudited):

During FY 2015, the need for food assistance remained at a high level with our agencies serving over 60,000 people each month. We anticipated that as the unemployment rate dropped and people were getting back to work that we would see a significant decrease in the need. Unfortunately, this did not occur as those most affected by the recession were left behind in the recovery. Many who are now working took lower paying and/or part-time jobs and continue to experience difficulty with making ends meet. Recovery for these populations remains slow and while we have seen some relief, we anticipate that many will need longer, more sustained food assistance over the next few years.

The Food Bank continues to be impacted by efficiencies gained in the supermarket industry, which reduce the amount of food available for donation. We do not expect a restoration of surplus and salvageable pounds from the food industry. Therefore, it is still necessary for us to acquire food from other more expensive sources, such as transporting donated produce from national growers to the Food Bank and food purchasing. This, in turn, requires us to raise additional funds to acquire enough food to meet the need.

Program Accomplishments

Our main achievement for FY 2015 was to once again maintain distribution at 9.7 million pounds. This was accomplished by raising food and funds from individuals, corporations and foundations to ensure that our member agencies had a sufficient supply of food to feed all those seeking assistance. Food sources included purchased food - 33% of our total food supply (purchased and coop); donated fresh produce from local and national growers- 27%; and donated food from food companies, suppliers and community food drives- 31%. We also received 9% of our food supply from the USDA.

The Food Bank is committed to distributing nutritious foods that individuals and families can use to make meals, such as fresh, frozen and canned fruits and vegetables, dairy, grains, and protein. In FY 2015, 89% of all the food that was distributed was core, healthy food, exceeding our goal of 87%.

RHODE ISLAND COMMUNITY FOOD BANK ASSOCIATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2015

(WITH COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2014)

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

Direct Service Programs

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 prepare approximately 400 nutritious meals weekly for distribution to our Providence and East Providence Kids Cafe locations. During FY 2015, the Food Bank conducted four classes (Classes 54-57) enrolling 51 students and graduating 43 students. In FY 2015, we achieved an 84% retention rate to graduation and 84% of new graduates have secured employment to date.

Kids Cafe – serves wholesome evening meals to children at risk of hunger, supplementing federal school nutrition programs. In FY 2015, we experienced some changes to our Kids Cafe program. In order to expand the program, we began working with a food service vendor to supply a majority of the meals to our Kids Cafe after-school meal sites. This has allowed us to lower the price per meal nearly to the level of federal reimbursement for after-school meals.

Currently, the Food Bank operates nine Kids Cafe sites, providing meals to approximately 550 children each week. Sites are located in East Providence (1); Providence (1); Cumberland (1); Central Falls (3); and Newport (3).

Community Cooking: Wholesome Eating on a Budget – a nutrition education program that teaches food pantry clients how to cook healthy meals for their families using our most distributed items (canned beans, pasta, rice, canned fruits and vegetables) and how to stretch limited SNAP (Supplemental Nutrition Assistance Program) benefits at the grocery store to include healthy food. In FY 2015, Food Bank staff provided 88 direct outreach models (8-week workshops, one-time lesson plans, quick pick demonstrations) and 14 agency and train-the-trainer workshops. Overall 2,116 people participated.

In FY 2015, we developed Community Cooking modules for seniors and children as part of our strategic goal of targeting resources to vulnerable populations. These new modules were piloted at selected member agencies and then developed into Community Cooking for Older Adults (50+) and Mission Nutrition for Kids.

Volunteers

Volunteers are a critical component in meeting the labor requirements of the Food Bank's sorting and salvage operation. In FY 2015, approximately 847 volunteers (167 individual volunteers and 68 groups) contributed nearly 14,000 hours of service to the Food Bank. Volunteers also provided help with transportation, fundraising and administrative support.

RHODE ISLAND COMMUNITY FOOD BANK ASSOCIATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2015

(WITH COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2014)

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

Advocacy, Education and Outreach

The Food Bank provides leadership and expertise on local and national initiatives that lift low-income populations out of poverty, while educating the public and building awareness about the problem of hunger in the state and the potential solutions. Highlights during FY 2015 included:

- Status Report on Hunger: In November 2014, the Food Bank released its eighth annual *Status Report on Hunger*, which compiles information documenting the extent of hunger and food insecurity in the state and highlights the Food Bank's efforts to alleviate the problem of hunger.
- Earned Income Tax Credit: In FY 2015, the Food Bank partnered with the Economic Progress Institute and other agencies to conduct a postcard campaign to state legislators to advocate for an increase in the state's Earned Income Tax Credit, from 10% to 20% of the federal tax credit. The Earned Income Tax Credit provides tax relief to the working poor and supports struggling working families. This year, due in part to these advocacy efforts, the EITC was raised from 10% to 12.5%.
- Anti-Hunger Conference: In April, the Food Bank sponsored a conference with the City of Providence, "Rhode Island in Action: Feeding Children Where They Live, Learn and Play." Participants included school officials, nonprofit directors and advocates. Conference speakers highlighted ways to expand participation in federal nutrition programs, including afterschool meals and the Summer Food Service Program.

RHODE ISLAND COMMUNITY FOOD BANK ASSOCIATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2015

(WITH COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2014)

3. Investments:

Investments consist of the following:

	<u>2015</u>	<u>2014</u>
Certificate of deposit	\$ 1,588	\$ 1,587
Money market funds	<u>893,194</u>	<u>948,804</u>
Corporate and foreign bonds, rated:		
A+	54,930	28,447
A	340,952	190,360
A-	27,808	154,761
AA	80,379	52,762
AA-	27,915	57,118
BB+		27,312
BB		26,219
BBB+	106,072	79,396
BBB	106,105	106,557
BBB-		<u>26,264</u>
	<u>744,161</u>	<u>749,196</u>
Equity securities:		
Consumer	186,200	115,415
Consumer staples	129,060	115,436
Energy	124,886	140,403
Financial	176,304	150,511
Health care	230,487	124,765
Industrial	115,962	126,730
Information	228,157	176,989
Materials	55,680	38,868
Telecommunication	28,294	20,512
Utilities	<u>37,151</u>	<u>44,013</u>
	<u>1,312,181</u>	<u>1,053,642</u>

(continued)

RHODE ISLAND COMMUNITY FOOD BANK ASSOCIATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2015

(WITH COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2014)

3. Investments (continued):

Carried forward:	<u>2015</u>	<u>2014</u>
Mutual funds:		
Domestic fixed income	\$ 203,347	\$ 113,313
International fixed income	97,712	116,731
Domestic equity	512,841	392,933
International equity	501,278	504,004
Other	<u>194,916</u>	<u>157,218</u>
	<u>1,510,094</u>	<u>1,284,199</u>
	<u>\$ 4,461,218</u>	<u>\$ 4,037,428</u>

Net investment income is comprised of the following:

	<u>2015</u>	<u>2014</u>
Interest and dividends	\$ 85,671	\$ 56,426
Net gain on investments	67,074	336,526
Fees	<u>(24,438)</u>	<u>(21,189)</u>
	<u>\$ 128,307</u>	<u>\$ 371,763</u>

4. Property and equipment:

	<u>2015</u>	<u>2014</u>
Land	\$ 308,000	\$ 308,000
Building	2,492,000	2,492,000
Building improvements	5,128,455	5,122,308
Motor vehicles	603,759	622,009
Equipment	923,327	932,787
Furniture and fixtures	<u>84,572</u>	<u>80,626</u>
	9,540,113	9,557,730
Less accumulated depreciation	<u>3,024,496</u>	<u>2,889,439</u>
	<u>\$ 6,515,617</u>	<u>\$ 6,668,291</u>

RHODE ISLAND COMMUNITY FOOD BANK ASSOCIATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2015

(WITH COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2014)

5. Temporarily restricted net assets:

Temporarily restricted net assets are restricted for the following purposes:

	2015		
	Operations	Plant	Total
Restricted for major capital improvements and fixed asset acquisition		\$ 73,082	\$ 73,082
Community Cooking	\$ 5,000		5,000
Community Kitchen	84,209		84,209
Community Outreach	18,750		18,750
Food Acquisition/Distribution	24,075		24,075
Inventory	299,204		299,204
Kids Café / Summer Feeding	6,580		6,580
RI Community Farm	6,062		6,062
School Pantry	3,721		3,721
	<u>\$ 447,601</u>	<u>\$ 73,082</u>	<u>\$ 520,683</u>
	2014		
	Operations	Plant	Total
Restricted for major capital improvements and fixed asset acquisition	\$ -	\$ 7,118	\$ 7,118
Backpackers Program	20,000		20,000
Community Kitchen	15,000		15,000
Food Acquisition/Distribution	5,000		5,000
Inventory	498,971		498,971
Kids Cafe	7,000		7,000
Magaziner Farm	2,172		2,172
RI Community Farm	5,555		5,555
Senior Box Program	10,000		10,000
SNAP Outreach	37,500		37,500
	<u>\$ 601,198</u>	<u>\$ 7,118</u>	<u>\$ 608,316</u>

RHODE ISLAND COMMUNITY FOOD BANK ASSOCIATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2015

(WITH COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2014)

6. Line of credit:

The Food Bank has a line of credit facility providing for borrowings up to \$1,000,000 with interest payable monthly at the London InterBank Offered Rate (LIBOR), which changes on the first of every month, (0.185% at June 30, 2015) plus 1.75%. 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, 2015 or 2014.

7. Accrued expenses:

	<u>2015</u>	<u>2014</u>
Payroll, including compensated absences	\$ 223,381	\$ 228,090
Payroll taxes and withholding	6,667	6,215
Pension	12,647	12,987
Other	<u>24,863</u>	<u>23,663</u>
	<u>\$ 267,558</u>	<u>\$ 270,955</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 years ended June 30, 2015 and 2014 was approximately \$50,900 and \$51,700, respectively.

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 years ended June 30, 2015 and 2014, respectively, the Food Bank paid approximately \$10,700 and \$10,000, respectively, in membership dues.