

CENTRAL ILLINOIS FOODBANK, INC.

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

May 31, 2016 and 2015

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Independent Auditors' Report

Board of Directors
Central Illinois Foodbank, Inc.
Springfield, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of Central Illinois Foodbank, Inc., a nonprofit organization, which are comprised of the statements of financial position as of May 31, 2016 and 2015, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of 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 auditors consider 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 the Central Illinois Foodbank, Inc. as of May 31, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 6, 2016, on our consideration of Central Illinois Foodbank, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Central Illinois Foodbank, Inc.'s internal control over financial reporting and compliance.

Eck, Schafer & Puntke, LLP

Springfield, Illinois
September 6, 2016

Central Illinois Foodbank, Inc.

STATEMENTS OF FINANCIAL POSITION

May 31

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash and cash equivalents	\$ 1,216,918	\$ 1,364,028
Certificates of deposit	801,987	322,950
Shared maintenance receivables, net	28,482	42,851
Pledges receivable, net	-	296
Grant receivable	8,019	-
Accrued interest	1,015	753
Inventory		
Contributed food	1,428,742	1,295,902
Purchased food	43,336	22,035
Prepaid expenses	771	-
Land, building and equipment, net	<u>3,293,749</u>	<u>3,296,483</u>
Total assets	<u>\$ 6,823,019</u>	<u>\$ 6,345,298</u>
LIABILITIES		
Accounts payable	\$ 38,715	\$ 30,756
Accrued compensation	57,549	53,777
Deferred revenue	134,087	196,952
Other liabilities	<u>148</u>	<u>262</u>
Total liabilities	230,499	281,747
NET ASSETS		
Unrestricted	6,592,520	6,063,255
Temporarily restricted	<u>-</u>	<u>296</u>
Total net assets	<u>6,592,520</u>	<u>6,063,551</u>
Total liabilities and net assets	<u>\$ 6,823,019</u>	<u>\$ 6,345,298</u>

The accompanying notes are an integral part of these financial statements.

Central Illinois Foodbank, Inc.

STATEMENT OF ACTIVITIES

Year ended May 31, 2016

	<u>Foodbank</u>	<u>Contributed Food</u>	<u>Total</u>
CHANGES IN UNRESTRICTED NET ASSETS			
Unrestricted revenues and other support			
Program service fees	\$ 851,281	\$ -	\$ 851,281
Grants and contracts	533,823	-	533,823
Contributions	1,457,637	-	1,457,637
Contributed food received	-	18,885,940	18,885,940
Interest	4,272	-	4,272
Other	<u>6,009</u>	<u>-</u>	<u>6,009</u>
Total unrestricted revenues and other support	2,853,022	18,885,940	21,738,962
Net assets released from restrictions	<u>296</u>	<u>-</u>	<u>296</u>
Total unrestricted revenues and releases	2,853,318	18,885,940	21,739,258
EXPENSES			
Foodbank operations	2,320,414	-	2,320,414
Contributed food distributed	-	18,753,100	18,753,100
Depreciation	<u>136,479</u>	<u>-</u>	<u>136,479</u>
Total expenses	<u>2,456,893</u>	<u>18,753,100</u>	<u>21,209,993</u>
NET CHANGE IN UNRESTRICTED NET ASSETS	396,425	132,840	529,265
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS			
Net assets released from restrictions	<u>(296)</u>	<u>-</u>	<u>(296)</u>
NET CHANGE IN NET ASSETS	396,129	132,840	528,969
NET ASSETS AT BEGINNING OF YEAR	<u>4,767,649</u>	<u>1,295,902</u>	<u>6,063,551</u>
NET ASSETS AT END OF YEAR	<u>\$ 5,163,778</u>	<u>\$ 1,428,742</u>	<u>\$ 6,592,520</u>

The accompanying notes are an integral part of these financial statements.

Central Illinois Foodbank, Inc.

STATEMENT OF ACTIVITIES

Year ended May 31, 2015

	<u>Foodbank</u>	<u>Contributed Food</u>	<u>Total</u>
CHANGES IN UNRESTRICTED NET ASSETS			
Unrestricted revenues and other support			
Program service fees	\$ 967,706	\$ -	\$ 967,706
Grants and contracts	1,164,136	-	1,164,136
Contributions	1,046,364	-	1,046,364
Contributed food received	-	17,477,372	17,477,372
Interest	2,807	-	2,807
Other	<u>7,330</u>	<u>-</u>	<u>7,330</u>
Total unrestricted revenues and other support	3,188,343	17,477,372	20,665,715
Net assets released from restrictions	<u>13,784</u>	<u>-</u>	<u>13,784</u>
Total unrestricted revenues and releases	3,202,127	17,477,372	20,679,499
EXPENSES			
Foodbank operations	2,302,530	-	2,302,530
Contributed food distributed	-	17,482,134	17,482,134
Depreciation	<u>130,406</u>	<u>-</u>	<u>130,406</u>
Total expenses	<u>2,432,936</u>	<u>17,482,134</u>	<u>19,915,070</u>
NET CHANGE IN UNRESTRICTED NET ASSETS	769,191	(4,762)	764,429
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS			
Net assets released from restrictions	<u>(13,784)</u>	<u>-</u>	<u>(13,784)</u>
NET CHANGE IN NET ASSETS	755,407	(4,762)	750,645
NET ASSETS AT BEGINNING OF YEAR	<u>4,012,242</u>	<u>1,300,664</u>	<u>5,312,906</u>
NET ASSETS AT END OF YEAR	<u>\$ 4,767,649</u>	<u>\$ 1,295,902</u>	<u>\$ 6,063,551</u>

The accompanying notes are an integral part of these financial statements.

Central Illinois Foodbank, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

Year ended May 31, 2016

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 325,435	\$ 201,588	\$ 43,132	\$ 570,155
Payroll taxes	25,531	15,248	3,424	44,203
Fringe benefits	<u>60,101</u>	<u>26,717</u>	<u>10,864</u>	<u>97,682</u>
Total salaries and related expenses	411,067	243,553	57,420	712,040
Product costs	676,938	-	-	676,938
Contract labor	210,660	6,770	9,620	227,050
Freight	119,475	-	-	119,475
Insurance	64,228	1,300	-	65,528
Utilities	79,449	4,006	-	83,455
Membership fees	16,021	-	-	16,021
Repairs and maintenance	89,441	-	-	89,441
Waste management	68,863	-	-	68,863
Vehicle fuel	33,646	-	-	33,646
Legal and professional	-	17,089	-	17,089
Postage	6,535	-	44,192	50,727
Communications	9,619	-	-	9,619
Supplies	16,528	1,856	305	18,689
Printing	1,536	-	99,736	101,272
Training and meetings	4,132	-	-	4,132
Special events	-	-	10,692	10,692
Advertising	3,882	-	-	3,882
Other	<u>5,374</u>	<u>6,328</u>	<u>153</u>	<u>11,855</u>
Total expenses before contributed food distributed and depreciation	1,817,394	280,902	222,118	2,320,414
Contributed food distributed	18,753,100	-	-	18,753,100
Depreciation	<u>136,479</u>	<u>-</u>	<u>-</u>	<u>136,479</u>
Total expenses	<u>\$ 20,706,973</u>	<u>\$ 280,902</u>	<u>\$ 222,118</u>	<u>\$ 21,209,993</u>

The accompanying notes are an integral part of these financial statements.

Central Illinois Foodbank, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

Year ended May 31, 2015

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 370,500	\$ 198,161	\$ 51,809	\$ 620,470
Payroll taxes	28,973	14,971	3,922	47,866
Fringe benefits	<u>75,292</u>	<u>24,160</u>	<u>8,431</u>	<u>107,883</u>
Total salaries and related expenses	474,765	237,292	64,162	776,219
Product costs	635,927	-	-	635,927
Contract labor	126,352	8,264	8,089	142,705
Freight	128,753	-	-	128,753
Insurance	54,323	1,335	-	55,658
Utilities	84,960	4,284	-	89,244
Membership fees	16,426	-	-	16,426
Repairs and maintenance	83,421	-	-	83,421
Waste management	52,064	-	-	52,064
Vehicle fuel	54,110	-	-	54,110
Legal and professional	-	57,350	-	57,350
Postage	5,919	-	43,274	49,193
Communications	10,160	-	-	10,160
Supplies	11,525	2,626	904	15,055
Printing	2,075	-	98,961	101,036
Training and meetings	8,776	-	-	8,776
Special events	-	-	12,201	12,201
Advertising	2,075	-	-	2,075
Bad debt	2,400	-	-	2,400
Other	<u>3,598</u>	<u>6,119</u>	<u>40</u>	<u>9,757</u>
Total expenses before contributed food distributed and depreciation	1,757,629	317,270	227,631	2,302,530
Contributed food distributed	17,482,134	-	-	17,482,134
Depreciation	<u>130,406</u>	<u>-</u>	<u>-</u>	<u>130,406</u>
Total expenses	<u>\$ 19,370,169</u>	<u>\$ 317,270</u>	<u>\$ 227,631</u>	<u>\$ 19,915,070</u>

The accompanying notes are an integral part of these financial statements.

Central Illinois Foodbank, Inc.

STATEMENTS OF CASH FLOWS

Years ended May 31

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 528,969	\$ 750,645
Adjustments to reconcile the change in net assets to net cash flows from operating activities		
Change in provision for uncollectible shared maintenance receivables	-	2,400
Change in provision for uncollectible pledges receivable	(608)	2,835
Change in contributed food inventory	(132,840)	4,762
Depreciation	136,479	130,406
Changes in certain assets and liabilities		
Shared maintenance receivables	14,369	9,187
Pledges receivable	904	10,949
Grant receivable	(8,019)	10,000
Accrued interest	(262)	(239)
Inventory - purchased food	(21,301)	18,234
Prepaid expenses	(771)	7,121
Accounts payable	7,959	831
Accrued compensation	3,772	7,677
Deferred revenue	(62,865)	92,241
Other liabilities	(114)	51
Net cash flows from operating activities	465,672	1,047,100
CASH FLOWS FROM INVESTING ACTIVITIES		
Maturities of certificates of deposit	574,207	166,874
Purchase of certificates of deposit	(1,053,244)	(167,891)
Purchase of land, building and equipment	(133,745)	(806,010)
Net cash flows from investing activities	(612,782)	(807,027)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(147,110)	240,073
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>1,364,028</u>	<u>1,123,955</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,216,918</u>	<u>\$ 1,364,028</u>

The accompanying notes are an integral part of these financial statements.

Central Illinois Foodbank, Inc.

NOTES TO FINANCIAL STATEMENTS

May 31, 2016 and 2015

NOTE A - ORGANIZATION

Central Illinois Foodbank, Inc. (the Foodbank) is a not-for-profit corporation organized under the laws of the State of Illinois. The objective of the Foodbank is to collect donated food and grocery items from growers, manufacturers, processors, wholesalers and retailers and redistribute those items to charitable agencies serving the poor, elderly, handicapped and children. The Foodbank also organizes food drives and other events to raise food for those in need and works with private and public organizations to develop solutions to end hunger.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Accounting

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

2. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

3. Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, demand deposits and short-term investments with an original maturity of three months or less.

4. Shared Maintenance Receivables

Shared maintenance receivables are stated at estimated net realizable value and include an allowance for doubtful accounts of \$ 5,400 for the years ended May 31, 2016 and 2015.

Central Illinois Foodbank, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

May 31, 2016 and 2015

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

5. Promises to Give

Unconditional promises to give are recorded as received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give due in the next year are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reported at the present value of their net realizable value, using risk-free interest rates applicable to the year in which the promises are received. In the absence of donor specification that income and gains on donated funds are restricted, such income and gains are reported as an increase in unrestricted net assets.

6. Inventory

Food donated to the Foodbank is capitalized as inventory and accounted for as unrestricted contributions. Contributed food is valued at a weighted average wholesale price per pound of \$ 1.67 and \$ 1.70 for the years ended May 31, 2016 and 2015, respectively, as determined by the most recent information available from Feeding America. Purchased food is valued at invoice cost determined by the first-in, first-out method.

7. Land, Building and Equipment

Land, building and equipment are carried at cost, except for gifts or donations which are reported as contributions and stated at estimated fair value at date of receipt. Depreciation of building and equipment is computed using the straight-line method over the estimated useful lives of the respective assets which range from three to thirty-nine years. The cost of routine maintenance and repairs is charged to expense as incurred; significant renewals and betterments are capitalized. The Foodbank's capitalization threshold is \$ 5,000.

8. Tax Status

The Foodbank is organized under Section 501(c)(3) of the Internal Revenue Code and is exempt from income taxes on related income under Section 501(a) of the Code.

The Foodbank follows accounting principles generally accepted in the United States of America which sets a minimum threshold for financial statement recognition of the benefit of a tax position taken or expected to be taken in a tax return. Tax positions for the open tax years as of May 31, 2016 were reviewed, and it was determined that no provision for uncertain tax positions is required.

Central Illinois Foodbank, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

May 31, 2016 and 2015

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

9. Revenues and Support

The Foodbank reports contributions of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Restricted contributions whose restrictions are met in the same reporting period are generally reported as unrestricted contributions.

Revenues from contributed food received, as well as the related contributed food distributed expense, are computed by valuing such items at a weighted average wholesale price per pound of \$ 1.67 and \$ 1.70 for the years ended May 31, 2016 and 2015, respectively, as determined by the most recent information available from Feeding America.

Revenues from fees and grants, primarily from government agencies, are recognized as they are earned through expenditure in accordance with the respective agreements. Any funding received in advance of expenditure is recorded as deferred revenue in the statement of financial position. Revenues from program service fees, primarily shared maintenance fees for storage and handling costs and purchased product costs, are recognized when charged to agencies and other foodbanks after they receive distributions of food items.

10. Classifications of Net Assets

Under accounting principles generally accepted in the United States of America, the Foodbank is required to classify its net assets and its revenues and expenses into one of three classes based on the existence or absence of donor-imposed restrictions. The three classes are as follows:

Unrestricted - Net assets which are free of donor-imposed restrictions; all revenues, expenses, gains, and losses that are not changes in permanently or temporarily restricted net assets.

Temporarily restricted - Net assets subject to donor-imposed stipulations that may or will be met, either by the occurrence of an event and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. The Foodbank had no temporarily restricted net assets as of May 31, 2016.

Central Illinois Foodbank, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

May 31, 2016 and 2015

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

10. Classifications of Net Assets - Continued

Permanently restricted - Net assets subject to donor-imposed stipulations that they be maintained in perpetuity by the Foodbank. The Foodbank had no permanently restricted net assets as of May 31, 2016 and 2015.

11. Allocated Costs

The Foodbank allocates its expenses on a functional basis among its various programs and support services. Expenses identified to a specific program or support service are allocated directly according to their natural expense classification. Other expenses common to several functions are allocated by various statistical bases, as determined by management.

12. Subsequent Events

The Foodbank assessed events that have occurred subsequent to May 31, 2016 through September 6, 2016, the date the financial statements were available to be issued, for potential recognition and disclosure in the financial statements. No events have occurred that would require adjustment to or disclosure in the financial statements.

13. Reclassifications

Certain reclassifications of prior year amounts have been made to conform to the 2016 presentation.

NOTE C - CONCENTRATION OF CREDIT RISK

The Foodbank maintains its cash balances and certificates of deposit at various financial institutions in Springfield, Illinois. Accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$ 250,000. At May 31, 2016 and 2015, the Foodbank's cash balance on deposit and certificate of deposit at one of the financial institutions exceeded the insured limit by \$ 140,001 and \$ 138,387, respectively. The Foodbank did not experience any losses on excess amounts, and believes it is not subject to any significant risk on cash and cash equivalents and certificates of deposit.

Central Illinois Foodbank, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

May 31, 2016 and 2015

NOTE D - PLEDGES RECEIVABLE

Pledges receivable consisted of contributions for the funding of the new building and were included in temporarily restricted net assets as follows as of May 31, 2015:

Receivable in less than one year	\$ 904
Less allowance for uncollectible pledges	<u>(608)</u>
Pledges receivable, net	<u>\$ 296</u>

NOTE E - INVENTORY

Activities in contributed food inventory during the years ended May 31, 2016 and 2015 were as follows:

	<u>2016</u>		<u>2015</u>	
	<u>Pounds</u>	<u>Dollar Value</u>	<u>Pounds</u>	<u>Dollar Value</u>
Beginning inventory	762,295	\$ 1,295,902	756,200	\$ 1,300,664
Contributed food received	11,322,640	18,885,940	10,289,703	17,477,372
Contributed food distributed	<u>(11,229,401)</u>	<u>(18,753,100)</u>	<u>(10,283,608)</u>	<u>(17,482,134)</u>
Ending inventory	<u>855,534</u>	<u>\$ 1,428,742</u>	<u>762,295</u>	<u>\$ 1,295,902</u>

The Foodbank purchases food to supplement the contributed food. The Foodbank had \$ 43,336 and \$ 22,035 of purchased food inventory at May 31, 2016 and 2015, respectively.

Central Illinois Foodbank, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

May 31, 2016 and 2015

NOTE F - LAND, BUILDING AND EQUIPMENT

Land, building and equipment consists of the following at May 31:

	<u>2016</u>	<u>2015</u>
Land	\$ 115,000	\$ 115,000
Building and improvements	3,299,891	2,520,957
Office furniture and equipment	132,549	132,549
Equipment	122,573	91,803
Vehicles	357,738	343,426
Construction in progress	<u>-</u>	<u>690,271</u>
Total	4,027,751	3,894,006
Less accumulated depreciation	<u>(734,002)</u>	<u>(597,523)</u>
Land, building and equipment, net	<u>\$ 3,293,749</u>	<u>\$ 3,296,483</u>

NOTE G - TEMPORARILY RESTRICTED NET ASSETS

At May 31, 2015, the Foodbank had \$ 296 of temporarily restricted net assets due to donor restricted contributions for the funding of the new building.

NOTE H - PENSION PLAN

The Foodbank has established a contributory pension plan under Section 403(b) of the Internal Revenue Service which allows employees to defer a percentage of their wages immediately. The Foodbank contributes 3.50% of the employee's wages once the employee completes one year of service. Contributions totaled \$ 17,266 and \$ 18,507 for the years ended May 31, 2016 and 2015, respectively.

Central Illinois Foodbank, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

May 31, 2016 and 2015

NOTE I - CONCENTRATION OF FUNDING

Grant revenues from the State of Illinois Department of Human Services for administering the Emergency Assistance Food Program of the United States Department of Agriculture, Food Nutrition Services, is contingent upon the Foodbank's annual execution of a grant contract with the State of Illinois Department of Human Services; the Foodbank's compliance with the grant's provisions; and the availability of appropriated funds at both the federal and state levels. The Foodbank's participation in this program for the year ending May 31, 2017, has been approved by the State of Illinois Department of Human Services.

REPORTS ON FEDERAL AWARDS AND COMPLIANCE

Independent Auditors' Report on Internal Control Over Financial
Reporting and on Compliance and Other Matters Based on
an Audit of Financial Statements Performed
in Accordance with *Government Auditing Standards*

Board of Directors
Central Illinois Foodbank, Inc.
Springfield, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Central Illinois Foodbank, Inc. (a nonprofit organization), which are comprised of the statement of financial position as of May 31, 2016, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 6, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Central Illinois Foodbank, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Central Illinois Foodbank, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Central Illinois Foodbank, Inc.'s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of Central Illinois Foodbank, Inc.'s financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Central Illinois Foodbank, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Central Illinois Foodbank, Inc.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Central Illinois Foodbank, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Eck, Schafer & Punke, LLP

Springfield, Illinois
September 6, 2016

Independent Auditors' Report on Compliance
For Each Major Program and on Internal Control
Over Compliance Required by the Uniform Guidance

Board of Directors
Central Illinois Foodbank, Inc.
Springfield, Illinois

Report on Compliance for Each Major Federal Program

We have audited Central Illinois Foodbank, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Central Illinois Foodbank, Inc.'s major federal programs for the year ended May 31, 2016. Central Illinois Foodbank, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Central Illinois Foodbank, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Central Illinois Foodbank, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Central Illinois Foodbank, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended May 31, 2016.

Report on Internal Control Over Compliance

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

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

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

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

Eck, Schaefer & Punke, LLP

Springfield, Illinois
September 6, 2016

Central Illinois Foodbank, Inc.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended May 31, 2016

<u>Federal Grantor/Pass-through Grantor and Program Title</u>	<u>CFDA Number</u>	<u>Pass-through Entity Identification Number</u>	<u>Passed through to Subrecipients</u>	<u>Federal Expenditures</u>
U.S. Department of Agriculture Passed through the Illinois Department of Human Services The Emergency Food Assistance Program Cluster				
The Emergency Food Assistance Program (Administrative Costs)	10.568	6FCSUHO1394	\$ -	\$ 170,159
The Emergency Food Assistance Program (Food Commodities)	10.569	6FCSUHO1394	<u>3,834,200</u>	<u>3,834,200</u>
Passed through the Illinois State Board of Education			3,834,200	4,004,359
Child and Adult Care Food Program	10.558	51084098POO	-	73,596
Summer Food Service Program for Children	10.559	51084098POO	-	<u>20,320</u>
U.S. Department of Health and Human Services Passed through the Illinois Department of Human Services Temporary Assistance for Needy Families	93.558	6FCSUHO1394	<u>42,193</u>	93,916
Total			<u>\$ 3,876,393</u>	<u>\$ 4,140,468</u>

See accompanying notes to schedule of expenditures of federal awards.

Central Illinois Foodbank, Inc.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended May 31, 2016

NOTE 1 - BASIS OF PRESENTATION AND MAJOR PROGRAM OBJECTIVES

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Central Illinois Foodbank, Inc. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements.

The Emergency Food Assistance Program (major program) objective is to help supplement the diets of low-income persons by making food commodities available to states for distribution through local organizations that provide food assistance to needy persons. Food commodities distributed are valued at a weighted average wholesale price per pound of \$ 1.67 for the year ended May 31, 2016, as determined by the most recent information available from Feeding America.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement. Central Illinois Foodbank, Inc. has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 3 - ADDITIONAL INFORMATION

A. Non-Cash Assistance

Central Illinois Foodbank, Inc. expended \$ 3,834,200 in food commodities during the year ended May 31, 2016. All food commodities were passed through to subrecipients.

B. Other Federal Assistance

Central Illinois Foodbank, Inc. did not receive any federal insurance, federal loans or loan guarantees during the year ended May 31, 2016.

Central Illinois Foodbank, Inc.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended May 31, 2016

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes X No

Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ Yes X No

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____ Yes X No

Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ Yes X No

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ Yes X No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.568, 10.569	The Emergency Food Assistance Program Cluster

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? X Yes _____ No

Section II - Financial Statement Findings

No matters were reported.

Section III - Federal Award Findings and Questioned Costs

No matters were reported.

Central Illinois Foodbank, Inc.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the year ended May 31, 2016

There were no prior audit findings required to be reported relative to Federal awards.