

CENTRAL ILLINOIS FOODBANK, INC.

FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT

May 31, 2010 and 2009

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# ECK, SCHAFER & PUNKE, LLP

CERTIFIED PUBLIC ACCOUNTANTS

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## Independent Auditors' Report

Board of Directors  
Central Illinois Foodbank, Inc.

We have audited the accompanying statements of financial position of Central Illinois Foodbank, Inc. (a not-for-profit organization) as of May 31, 2010 and 2009, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. 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 *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Central Illinois Foodbank, Inc. as of May 31, 2010 and 2009, and the changes in its net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 30, 2010, on our consideration of Central Illinois Foodbank, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. 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* and should be considered in assessing the results of our audit.

Springfield, Illinois  
July 30, 2010

*Eck, Schaffer & Punke, LLP*

Central Illinois Foodbank, Inc.

STATEMENTS OF FINANCIAL POSITION

May 31

ASSETS		
	<u>2010</u>	<u>2009</u>
Cash and cash equivalents	\$ 521,747	\$ 210,215
Certificates of deposit	309,187	298,802
Shared maintenance receivables, net of allowance	45,116	21,295
Contract receivable	3,902	-
Accrued interest	556	3,748
Inventory		
Contributed food	811,230	719,303
Purchased food	30,309	-
Prepaid expenses	5,417	2,818
Land, buildings and equipment, net	<u>396,463</u>	<u>324,071</u>
Total assets	<u>\$ 2,123,927</u>	<u>\$ 1,580,252</u>
LIABILITIES		
Accounts payable	\$ 31,415	\$ 13,155
Accrued compensation	25,194	39,045
Other liabilities	<u>549</u>	<u>1,371</u>
Total liabilities	57,158	53,571
NET ASSETS		
Unrestricted	<u>2,066,769</u>	<u>1,526,681</u>
Total liabilities and net assets	<u>\$ 2,123,927</u>	<u>\$ 1,580,252</u>

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

Central Illinois Foodbank, Inc.

STATEMENT OF ACTIVITIES

For the year ended May 31, 2010

	<u>Foodbank</u>	<u>Contributed Food</u>	<u>Total</u>
<b>REVENUES AND OTHER SUPPORT</b>			
Program service fees	\$ 616,740	\$ -	\$ 616,740
Grants and contracts	464,474	-	464,474
Contributions	701,831	-	701,831
Contributed food received	-	9,557,806	9,557,806
Interest	8,180	-	8,180
Other	<u>5,085</u>	<u>-</u>	<u>5,085</u>
Total revenues and other support	1,796,310	9,557,806	11,354,116
<b>EXPENSES</b>			
Foodbank operations	1,266,936	-	1,266,936
Contributed food distributed	-	9,465,879	9,465,879
Depreciation	<u>81,213</u>	<u>-</u>	<u>81,213</u>
Total expenses	<u>1,348,149</u>	<u>9,465,879</u>	<u>10,814,028</u>
Increase in net assets	448,161	91,927	540,088
Net assets at beginning of year	<u>807,378</u>	<u>719,303</u>	<u>1,526,681</u>
Net assets at end of year	<u>\$ 1,255,539</u>	<u>\$ 811,230</u>	<u>\$ 2,066,769</u>

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

Central Illinois Foodbank, Inc.

STATEMENT OF ACTIVITIES

For the year ended May 31, 2009

	<u>Foodbank</u>	<u>Contributed Food</u>	<u>Total</u>
<b>REVENUES AND OTHER SUPPORT</b>			
Program service fees	\$ 465,234	\$ -	\$ 465,234
Grants and contracts	402,484	-	402,484
Contributions	583,001	-	583,001
Contributed food received	-	7,082,725	7,082,725
Interest	10,799	-	10,799
Other	<u>4,522</u>	<u>-</u>	<u>4,522</u>
Total revenues and other support	1,466,040	7,082,725	8,548,765
<b>EXPENSES</b>			
Foodbank operations	1,122,918	-	1,122,918
Contributed food distributed	-	7,179,264	7,179,264
Depreciation	<u>51,819</u>	<u>-</u>	<u>51,819</u>
Total expenses	<u>1,174,737</u>	<u>7,179,264</u>	<u>8,354,001</u>
Increase (decrease) in net assets	291,303	(96,539)	194,764
Net assets at beginning of year	<u>516,075</u>	<u>815,842</u>	<u>1,331,917</u>
Net assets at end of year	<u>\$ 807,378</u>	<u>\$ 719,303</u>	<u>\$ 1,526,681</u>

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

Central Illinois Foodbank, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended May 31, 2010

	<u>Programs</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total</u>
Salaries	\$ 305,031	\$ 165,867	\$ 37,672	\$ 508,570
Fringe benefits	<u>47,398</u>	<u>18,490</u>	<u>5,373</u>	<u>71,261</u>
Total salaries and fringe benefits	352,429	184,357	43,045	579,831
Product costs	311,408	-	-	311,408
Freight	43,689	-	-	43,689
Insurance	29,380	-	-	29,380
Utilities	29,775	-	-	29,775
Payroll taxes	25,046	13,178	2,989	41,213
Membership fees	14,377	-	-	14,377
Repairs and maintenance	36,644	-	-	36,644
Vehicle fuel	37,778	-	-	37,778
Legal and professional	-	15,245	-	15,245
Postage	4,984	-	17,745	22,729
Communications	6,167	-	-	6,167
Supplies	8,640	1,240	-	9,880
Printing	1,501	-	47,109	48,610
Training and meeting	9,395	-	-	9,395
Rental fees	2,857	-	-	2,857
Special events	-	-	6,889	6,889
Advertising	2,796	-	-	2,796
Finance charges	429	-	-	429
Loss on asset disposal	7,944	-	-	7,944
Other	<u>2,340</u>	<u>7,560</u>	<u>-</u>	<u>9,900</u>
Total expenses before contributed food distributed and depreciation	927,579	221,580	117,777	1,266,936
Contributed food distributed	9,465,879	-	-	9,465,879
Depreciation	<u>81,213</u>	<u>-</u>	<u>-</u>	<u>81,213</u>
Total expenses	<u>\$10,474,671</u>	<u>\$ 221,580</u>	<u>\$ 117,777</u>	<u>\$10,814,028</u>

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

Central Illinois Foodbank, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended May 31, 2009

	<u>Programs</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total</u>
Salaries	\$ 278,128	\$ 149,869	\$ 32,672	\$ 460,669
Fringe benefits	<u>37,153</u>	<u>14,427</u>	<u>2,891</u>	<u>54,471</u>
Total salaries and fringe benefits	315,281	164,296	35,563	515,140
Product costs	257,219	-	-	257,219
Contract labor	13,815	-	-	13,815
Freight	51,878	-	-	51,878
Insurance	25,879	-	-	25,879
Utilities	30,683	-	-	30,683
Payroll taxes	22,679	11,744	2,893	37,316
Membership fees	14,666	-	-	14,666
Repairs and maintenance	31,905	-	-	31,905
Vehicle fuel	29,387	-	-	29,387
Legal and professional	-	17,342	-	17,342
Postage	5,017	-	12,513	17,530
Communications	5,795	-	-	5,795
Supplies	10,548	1,181	7	11,736
Printing	1,424	-	32,044	33,468
Training and meetings	9,021	-	-	9,021
Rental fees	1,700	-	-	1,700
Special events	-	-	9,405	9,405
Advertising	3,039	-	-	3,039
Other	<u>3,109</u>	<u>2,885</u>	<u>-</u>	<u>5,994</u>
Total expenses before contributed food distributed and depreciation	833,045	197,448	92,425	1,122,918
Contributed food distributed	7,179,264	-	-	7,179,264
Depreciation	<u>51,819</u>	<u>-</u>	<u>-</u>	<u>51,819</u>
Total expenses	<u>\$ 8,064,128</u>	<u>\$ 197,448</u>	<u>\$ 92,425</u>	<u>\$ 8,354,001</u>

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



Central Illinois Foodbank, Inc.

STATEMENTS OF CASH FLOWS

For the years ended May 31

	<u>2010</u>	<u>2009</u>
Operating activities		
Change in net assets	\$ 540,088	\$ 194,764
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Inventory – contributed food	(91,927)	96,539
Depreciation	81,213	51,819
Non-cash contributions	-	(89,700)
Loss on asset disposal	7,944	-
Changes in		
Shared maintenance receivables	(23,821)	1,563
Contract receivable	(3,902)	-
Accrued interest	3,192	(2,768)
Inventory – purchased food	(30,309)	-
Prepaid expenses	(2,599)	1,265
Accounts payable	18,260	(2,751)
Deferred revenue	-	(25,178)
Accrued compensation	(13,851)	3,863
Other liabilities	<u>(822)</u>	<u>(2,499)</u>
Net cash flows from operating activities	483,466	226,917
Investing activities		
Maturities of certificates of deposit	226,499	143,549
Purchase of certificates of deposit	(236,884)	(228,802)
Purchase of property and equipment	<u>(161,549)</u>	<u>(89,478)</u>
Net cash flows from investing activities	<u>(171,934)</u>	<u>(174,731)</u>
Net increase in cash and cash equivalents	311,532	52,186
Cash and cash equivalents at beginning of year	<u>210,215</u>	<u>158,029</u>
Cash and cash equivalents at end of year	<u>\$ 521,747</u>	<u>\$ 210,215</u>
Cash paid during the year for interest	<u>\$ -</u>	<u>\$ -</u>

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

Central Illinois Foodbank, Inc.

NOTES TO FINANCIAL STATEMENTS

For the years ended May 31, 2010 and 2009

NOTE A - ORGANIZATION

Central Illinois Foodbank, Inc. (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. Use of Estimates

Management makes estimates and assumptions that affect the amounts reported in the financial statements. Actual results could differ from those estimates.

2. 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.

3. Shared Maintenance Receivables

Shared maintenance receivables are stated at estimated net realizable value and include an allowance for doubtful accounts of \$ 2,668 for 2010 and 2009.

4. 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 \$ 1.58 for 2010 and \$ 1.49 for 2009, as determined by the most recent information available from Feeding America. Purchased food, if any, is valued at invoice cost determined by the first-in, first-out method.

Central Illinois Foodbank, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

For the years ended May 31, 2010 and 2009

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

5. Land, Buildings and Equipment

Land, building and equipment are carried at cost, except for gifts or donations which are reported as contributions and stated at estimated 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. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in the period. The cost of maintenance and repairs is charged to expense as incurred; significant renewals and betterments are capitalized.

6. Deferred Revenue

Deferred revenue consists of grant funds received for which allowed expenditures have not yet been incurred.

7. 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.

Effective June 1, 2009, the Foodbank adopted the new requirements related to the accounting for uncertainty in income taxes. This guidance 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, 2010 were reviewed, and it was determined that no provision for uncertain tax positions is required.

8. 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.

Central Illinois Foodbank, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

For the years ended May 31, 2010 and 2009

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

8. Revenues and Support - Continued

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 \$ 1.58 for 2010 and \$ 1.49 for 2009, 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 condition. 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. Grants recognized include amounts earned as a sub recipient of funds from the State of Illinois Department of Human Services for administering the Emergency Food Program of the United States Department of Agriculture Food and Nutrition Services; amounts earned for the purchase and distribution of food items in connection with the Emergency Food and Shelter Program of the Federal Emergency Management Agency; and private grants.

In the opinion of management, the Foodbank has complied with the conditions set forth in its government grant contracts that, in the event of noncompliance, would have a material effect on the financial statements.

9. 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 whose use is limited by donor-imposed stipulations that expire with the passage of time or that can be fulfilled or otherwise removed by actions of the Foodbank pursuant to those stipulations. The Foodbank had no temporarily restricted net assets as of May 31, 2010 and 2009.

Central Illinois Foodbank, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

For the years ended May 31, 2010 and 2009

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

9. Classifications of Net Assets - Continued

Permanently restricted - Net assets whose use is limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled or otherwise removed by actions of the Foodbank. The Foodbank had no permanently restricted net assets as of May 31, 2010 and 2009.

The solicitation, receipt, storage, and distribution of donated products constitute the principal operating activities of the Foodbank.

A description of unrestricted net assets and programs follows:

Foodbank

Operating - represents resources used to carry out the Foodbank operations over which the Board of Directors has discretionary control. It also includes the net investment in land, building, and equipment and the unexpended Board designated resources for future acquisitions of property and equipment to be used in operations.

The Foodbank administers two government food programs described below. As the administrator of these programs, the Foodbank is able to allocate a portion of its overhead to the programs' expenses:

1. The Illinois Department of Human Services distribution of United States Department of Agriculture (USDA) food commodities programs - Under this arrangement, the Foodbank takes possession of USDA commodities and distributes them to certain qualified agencies without service fees.
2. The Emergency Food and Shelter National Board Program of the Federal Emergency Management Agency (FEMA) - Using FEMA grant money, the Foodbank purchases and distributes to eligible agencies, without service fees, foods high in protein and staples. These foods complement donated products.

Central Illinois Foodbank, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

For the years ended May 31, 2010 and 2009

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

9. Classifications of Net Assets - Continued

Kids Cafe

Kids Cafe provides nutritious meals to low-income children who live in poverty-stricken neighborhoods and regularly go without much needed food. In an effort to address the issue of inadequate food and nutrition, the Foodbank collaborates with existing after-school programs that offer a safe and nurturing environment with educational activities for children. Kids Cafes are open year-round or during the summer, Monday through Friday.

10. Subsequent Events

The Foodbank assessed events that have occurred subsequent to May 31, 2010 through July 30, 2010, 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.

11. New Accounting Pronouncements

In 2010, the Foodbank adopted Accounting Standards Update (ASU) No. 2009-01, Statement of Financial Accounting Standards No. 168, "*The Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) and the Hierarchy of Generally Accepted Accounting Principles*". This ASU includes FASB Statement No. 168 in its entirety. The ASU establishes the FASB ASC as the source of authoritative accounting principles recognized by the FASB. Rules and interpretive releases of the SEC under federal securities laws are also sources of authoritative GAAP for SEC registrants. All guidance contained in the ASC carries an equal level of authority. Following this ASU, the FASB will issue only ASUs to update the ASC. The adoption did not have a material effect on the Foodbank's financial statements.

Central Illinois Foodbank, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

For the years ended May 31, 2010 and 2009

NOTE C - INVENTORY

Activities in contributed food inventory during the years ended May 31, 2010 and 2009 were as follows:

	<u>2010</u>		<u>2009</u>	
	<u>Pounds</u>	<u>Dollar Value</u>	<u>Pounds</u>	<u>Dollar Value</u>
Beginning inventory	482,754	\$ 719,303	482,747	\$ 815,842
Contributed food received	6,049,244	9,557,806	4,753,507	7,082,725
Contributed food distributed	<u>(6,018,561)</u>	<u>(9,465,879)</u>	<u>(4,753,500)</u>	<u>(7,179,264)</u>
Ending inventory	<u>513,437</u>	<u>\$ 811,230</u>	<u>482,754</u>	<u>\$ 719,303</u>

The Foodbank purchases food to supplement the contributed food. The Foodbank had \$ 30,309 of purchased food inventory at May 31, 2010.

NOTE D - LAND, BUILDINGS AND EQUIPMENT

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

	<u>2010</u>	<u>2009</u>
Land	\$ 55,500	\$ 55,500
Buildings	449,908	360,054
Office furniture and equipment	62,859	52,795
Equipment	116,558	104,377
Vehicles	<u>307,746</u>	<u>307,746</u>
Total	992,571	880,472
Less accumulated depreciation	<u>(596,108)</u>	<u>(556,401)</u>
Land, buildings and equipment, net	<u>\$ 396,463</u>	<u>\$ 324,071</u>

NOTE E - FUNCTIONAL EXPENSES

Expenses included in the Statement of Functional Expenses are presented for the Foodbank as a whole. Compensation and related expenses have been allocated on the basis of an estimate of time devoted to the applicable service areas.

Central Illinois Foodbank, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

For the years ended May 31, 2010 and 2009

NOTE F - CONCENTRATION OF FUNDING

Grant revenues from the State of Illinois Department of Human Services for administering the Emergency 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, 2010, has been approved by the State of Illinois Department of Human Services.



**SUPPLEMENTARY INFORMATION**

# ECK, SCHAFFER & PUNKE, LLP

CERTIFIED PUBLIC ACCOUNTANTS

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## 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.

We have audited the basic financial statements of Central Illinois Foodbank, Inc. (the "Organization") as of and for the year ended May 31, 2010, and have issued our report thereon dated July 30, 2010. We conducted our audit 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.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Central Illinois Foodbank's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Central Illinois Foodbank's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

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 the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Central Illinois Foodbank, Inc.'s financial statements are free of 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 that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Directors, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Eck, Schafer & Penke, LLP

Springfield, Illinois  
July 30, 2010

# ECK, SCHAFER & PUNKE, LLP

CERTIFIED PUBLIC ACCOUNTANTS

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## Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133

Board of Directors  
Central Illinois Foodbank, Inc.

### Compliance

We have audited the compliance of Central Illinois Foodbank, Inc. (the "Organization") with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended May 31, 2010. The Organization's major federal programs are identified in the summary of auditors' results section of the accompany schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Organization management. Our responsibility is to express an opinion on the Organization's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 the Organization'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. Our audit does not provide a legal determination on the Organization's compliance with those requirements.

In our opinion, Central Illinois Foodbank, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended May 31, 2010.

## Internal Control Over Compliance

The management of the Organization is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Organization's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 the Organization'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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

## Schedule of Expenditures of Federal Awards

We have audited the financial statements of Central Illinois Foodbank, Inc. as of and for the year ended May 31, 2010, and have issued our report thereon dated July 30, 2010. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of Federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Board of Directors, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Eck, Schafer & Pomke, LLP

Springfield, Illinois  
July 30, 2010

Central Illinois Foodbank, Inc.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended May 31, 2010

Federal Grantor/Pass-through Grantor and Program Title	Federal CFDA Number	Expenditures
U.S. Department of Agriculture		
Passed through the Illinois Department of Human Services		
The Emergency Food Assistance Program	10.568	\$ 203,792
The Emergency Food Assistance Program ARRA	10.568	139,470
The Emergency Food Assistance Program (Food Commodities)	10.569	2,511,437
The Emergency Food Assistance Program ARRA (Food Commodities)	10.569	<u>627,039</u>
		3,481,738
Passed through the Illinois State Board of Education		
Child and Adult Care Food Program	10.558	29,219
Summer Food Service Program for Children	10.559	<u>16,564</u>
		45,783
U.S. Department of Homeland Security		
Emergency Food and Shelter National Board Program	97.024	10,476
U.S. Department of Health and Human Services - passed through Illinois Department of Human Services State fiscal year 2010		
Temporary Assistance for Needy Families	93.558	<u>44,628</u>
Total Federal Expenditures		<u>\$ 3,582,625</u>

See accompanying notes to schedule of expenditures of federal awards.

Central Illinois Foodbank, Inc.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended May 31, 2010

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. and is presented on the accrual basis of accounting. Generally, revenues are recognized to the extent that allowable expenditures have been incurred. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

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 \$ 1.58 for the year ended May 31, 2010, as determined by the most recent information available from Feeding America.



Central Illinois Foodbank, Inc.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended May 31, 2010

**Section I - Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? \_\_\_\_\_ Yes   X   No

Significant deficiency(ies) identified that are not considered to be material weaknesses? \_\_\_\_\_ 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 weaknesses? \_\_\_\_\_ Yes   X   No

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? \_\_\_\_\_ 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
10.568, 10.569	The Emergency Food Assistance Program ARRA

Dollar threshold used to distinguish between type A and type B programs: \$           300,000

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, 2010

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