

IOWA FOOD BANK ASSOCIATION

DES MOINES, IOWA

JUNE 30, 2015

HOGAN ♦ HANSEN

A Professional Corporation

Certified Public Accountants and Consultants

Independent Auditor's Report

Board of Directors
Iowa Food Bank Association
Des Moines, Iowa

Report on the Financial Statements

We have audited the accompanying statements of financial position of Iowa Food Bank Association as of June 30, 2015 and 2014, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Association'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 Association'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 Iowa Food Bank Association as of June 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

HOGAN - HANSEN

HOGAN - HANSEN

Waterloo, Iowa
August 25, 2015

Statements of Financial Position

As of June 30, 2015 and 2014

	2015	2014
Assets		
Current Assets		
Cash and cash equivalents	\$ 181,096	\$ 103,214
Accounts receivable	186,109	321,717
Prepaid insurance	—	6,956
Equipment (net of accumulated depreciation 2015 - \$43,195; 2014 - \$30,854).....	<u>19,754</u>	<u>30,853</u>
Total Assets	<u>\$ 386,959</u>	<u>\$ 462,740</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 13,228	\$ 301,669
Accrued expenses.....	16,402	9,704
Forgivable loan.....	<u>18,780</u>	<u>—</u>
Total Liabilities	<u>48,410</u>	<u>311,373</u>
Net Assets		
Unrestricted.....	63,657	97,256
Temporarily restricted.....	<u>274,892</u>	<u>54,111</u>
Total Net Assets	<u>338,549</u>	<u>151,367</u>
Total Liabilities and Net Assets	<u>\$ 386,959</u>	<u>\$ 462,740</u>

See accompanying notes to the financial statements.

Statements of Activities

Years Ended June 30, 2015 and 2014

	2015			2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenue, Gains and Other Support						
Contributions	\$ 108,426	\$ —	\$ 108,426	\$ 97,481	\$ —	\$ 97,481
Private and government grants and contracts	115,524	348,400	463,924	1,114,531	75,000	1,189,531
Member dues	103,750	—	103,750	100,000	—	100,000
Investment income	635	—	635	637	—	637
Total Revenue, Gains and Other Support	328,335	348,400	676,735	1,312,649	75,000	1,387,649
Functional Expenses						
Program Services						
SNAP	143,853	—	143,853	154,249	—	154,249
Member food banks	101,855	—	101,855	1,096,593	—	1,096,593
VISTA	33,206	—	33,206	36,795	—	36,795
Disaster relief	53,798	—	53,798	—	—	—
SWAP	23,475	—	23,475	—	—	—
Nutrition education	6,283	—	6,283	20,916	—	20,916
Total Program Services	362,470	—	362,470	1,308,553	—	1,308,553
Administrative Support Activities						
Management and general	127,083	—	127,083	113,526	—	113,526
Total Functional Expenses	489,553	—	489,553	1,422,079	—	1,422,079
Net Assets Released From Restrictions	127,619	(127,619)	—	83,498	(83,498)	—
Increase (Decrease) in Net Assets for the Year	(33,599)	220,781	187,182	(25,932)	(8,498)	(34,430)
Net Assets - Beginning of Year	97,256	54,111	151,367	123,188	62,609	185,797
Net Assets - End of Year..	\$ 63,657	\$ 274,892	\$ 338,549	\$ 97,256	\$ 54,111	\$ 151,367

See accompanying notes to the financial statements.

Statement of Functional Expenses

Year Ended June 30, 2015

	SNAP	Member Food Banks	VISTA
Salaries and Related Expenses			
Salaries.....	\$ 89,112	\$ —	\$ 26,488
Employee benefits.....	13,950	—	750
Payroll taxes	8,095	—	836
Total Salaries and Related Expenses.....	111,157	—	28,074
Other Operating Expenses			
Distributions to member food banks	—	101,855	—
Grants	—	—	—
Travel.....	22,482	—	4,276
Communications	3,834	—	525
Conferences.....	1,218	—	—
Professional fees	2,250	—	—
Advocacy materials	1,337	—	140
Supplies	750	—	191
Rent	—	—	—
Insurance	825	—	—
Miscellaneous	—	—	—
Total Expenses.....	\$ 143,853	\$ 101,855	\$ 33,206

See accompanying notes to the financial statements.

2015

Program Services			Total Program Services	Administrative Support Activities Management and General	Total
Disaster Relief	SWAP	Nutrition Education			
\$ 38,159	\$ —	\$ 4,748	\$ 158,507	\$ 67,176	\$ 225,683
—	—	100	14,800	7,600	22,400
3,041	—	77	12,049	6,061	18,110
<u>41,200</u>	<u>—</u>	<u>4,925</u>	<u>185,356</u>	<u>80,837</u>	<u>266,193</u>
—	—	—	101,855	—	101,855
—	23,475	—	23,475	—	23,475
4,743	—	328	31,829	13,121	44,950
1,651	—	—	6,010	5,437	11,447
589	—	—	1,807	2,816	4,623
420	—	—	2,670	3,300	5,970
231	—	—	1,708	4,170	5,878
3,883	—	1,030	5,854	4,701	10,555
783	—	—	783	8,704	9,487
298	—	—	1,123	2,039	3,162
<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,958</u>	<u>1,958</u>
<u>\$ 53,798</u>	<u>\$ 23,475</u>	<u>\$ 6,283</u>	<u>\$ 362,470</u>	<u>\$ 127,083</u>	<u>\$ 489,553</u>

Statement of Functional Expenses

Year Ended June 30, 2014

	SNAP	Member Food Banks
Salaries and Related Expenses		
Salaries	\$ 91,278	\$ —
Employee benefits	14,663	—
Payroll taxes	10,884	—
Total Salaries and Related Expenses	116,825	—
Other Operating Expenses		
Distributions to member food banks	—	1,096,593
Travel	25,038	—
Communications	5,819	—
Conferences	2,634	—
Professional fees	—	—
Advocacy materials	911	—
Supplies	2,252	—
Rent	—	—
Insurance	770	—
Miscellaneous	—	—
Total Expenses	<u>\$ 154,249</u>	<u>\$ 1,096,593</u>

See accompanying notes to the financial statements.

2014

Program Services		Total Program Expenses	Administrative Support Activities Management and General	Total
VISTA	Nutrition Education			
\$ 22,165	\$ 8,957	\$ 122,400	\$ 61,071	\$ 183,471
1,200	2,370	18,233	8,218	26,451
794	998	12,676	6,489	19,165
<u>24,159</u>	<u>12,325</u>	<u>153,309</u>	<u>75,778</u>	<u>229,087</u>
—	—	1,096,593	—	1,096,593
10,668	1,781	37,487	10,222	47,709
762	—	6,581	8,051	14,632
—	91	2,725	2,997	5,722
—	—	—	4,870	4,870
—	3,282	4,193	4,463	8,656
1,206	1,071	4,529	1,590	6,119
—	—	—	2,700	2,700
—	—	770	1,898	2,668
<u>—</u>	<u>2,366</u>	<u>2,366</u>	<u>957</u>	<u>3,323</u>
<u>\$ 36,795</u>	<u>\$ 20,916</u>	<u>\$ 1,308,553</u>	<u>\$ 113,526</u>	<u>\$ 1,422,079</u>

Statements of Cash Flows

Years Ended June 30, 2015 and 2014

	2015	2014
Cash Flows From Operating Activities		
Change in net assets.....	\$ 187,182	\$ (34,430)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used In) Operating Activities		
Depreciation	12,341	12,342
Change in Assets and Liabilities		
(Increase) decrease in receivables.....	135,608	(308,881)
(Increase) decrease in prepaid insurance.....	6,956	(130)
Increase (decrease) in accounts payable	(288,441)	290,064
Increase in accrued expenses.....	<u>6,698</u>	<u>1,560</u>
Net Cash Provided by (Used in) Operating Activities	<u>60,344</u>	<u>(39,475)</u>
Cash Flows From Investing Activities		
Payment for purchase of equipment.....	<u>(1,242)</u>	<u>—</u>
Cash Flows From Financing Activities		
Proceeds from forgivable loan.....	<u>18,780</u>	<u>—</u>
Net Increase (Decrease) in Cash and Cash Equivalents	77,882	(39,475)
Cash and Cash Equivalents at beginning of year	<u>103,214</u>	<u>142,689</u>
Cash and Cash Equivalents at End of Year.....	<u>\$ 181,096</u>	<u>\$ 103,214</u>

See accompanying notes to the financial statements.

Notes to the Financial Statements

(1) Summary of Significant Accounting Policies and Other Matters

Nature of Activities

The Iowa Food Bank Association (Association) is a nonprofit organization which coordinates efforts to alleviate hunger by supporting Feeding America food banks throughout Iowa.

Basis of Presentation

Financial statement presentation follows the recommendations of the American Institute of Certified Public Accountants Audit and Accounting Guide, *Not-for-Profit Organizations* (Guide). The Guide requires the Association to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted net assets.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenue and expenses.

Concentrations

Approximately 51% and 88% of the Association's contribution revenue was derived from two and four donors during the years ended June 30, 2015 and 2014, respectively. Also, approximately 70% and 84% of the Association's grant and contract revenue was derived from three and one contracts or grantors during the years ended June 30, 2015 and 2014, respectively.

Contributions

Contributions are recognized when the donor makes an unconditional promise to give and are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence of any donor restrictions. The Association records contributions received as increases in the appropriate net asset category as follows:

Unrestricted Net Assets - Contributions that are not subject to donor-imposed stipulations or that have restrictions which expire in the fiscal year in which the contributions are received and have not been appropriated by the Board of Directors.

Temporarily Restricted Net Assets - Contributions for which donor-imposed restrictions have not been met by the passage of time or performance.

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Association.

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 expense and a credit to a valuation allowance 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 valuation allowance and a credit to accounts receivable. Payment of invoices is due within 30 days of the invoice date, otherwise the amounts are deemed past due. The Association does not impose a finance charge on invoices that remain unpaid after the due date.

Notes to the Financial Statements

(1) Summary of Significant Accounting Policies and Other Matters

Equipment

Equipment is capitalized at cost if purchased, or at fair value as of the date of the gift if donated, with depreciation computed under the straight-line method over estimated useful lives as follows:

Type	Estimated Useful Lives
Vehicles	5 Years
Office equipment	3 Years

Depreciation expense for the years ended June 30, 2015 and 2014 was \$12,341 and \$12,342, respectively.

Donated Resources

Donated materials, land, buildings, equipment and investments are recorded as unrestricted support at their fair value when received unless explicit donor stipulations specify how the donated assets must be used. For the years ended June 30, 2015 and 2014, there were no donated resources recorded by the Association.

A number of unpaid volunteers have made significant contributions of their time to develop the Association's programs. These contributions are utilized in all of the Association's program service areas. When these contributed services require specialized skills or create or enhance nonfinancial assets, the Association records these services at their fair value. For the years ended June 30, 2015 and 2014, no amounts were recorded for contributed services.

Functional Allocation of Expenses

The costs of providing the various programs and other activities has been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes

The Association is exempt from the payment of income taxes under Internal Revenue Code Section 501(c)(3) and, accordingly, no provision for income taxes is reflected in the financial statements.

Management annually makes an appropriate evaluation of any uncertain income tax positions based upon current statutes in completing these financial statements and the notes to the financial statements. As of June 30, 2015, management believes that there were no uncertain income tax positions for which a material change in the unrecognized effect would be reasonably possible within the next 12 months. The open years for audit of the Association's Form 990 are 2012-2015.

Subsequent Events

Management has evaluated subsequent events through August 25, 2015, the date which the financial statements were available to be issued.

Notes to the Financial Statements

(2) Cash Flow Statement Supplementary Information

For purposes of the statements of cash flows, the Association considers all highly liquid debt instruments purchased with original maturities of three months or less to be cash equivalents.

(3) Restricted Net Assets

Temporarily restricted net assets are available for the following purposes or periods as of June 30:

	2015	2014
Walmart Grants - Feeding America/SNAP ⁷	\$ 205,691	\$ 54,111
Disaster Relief - Feeding America	<u>69,201</u>	<u>—</u>
Total	<u>\$ 274,892</u>	<u>\$ 54,111</u>

(4) Summary of Equipment

	2015	2014
Vehicles	\$ 61,707	\$ 61,707
Office equipment	<u>1,242</u>	<u>—</u>
Total	62,949	61,707
Less accumulated depreciation	<u>43,195</u>	<u>30,854</u>
Net Equipment	<u>\$ 19,754</u>	<u>\$ 30,853</u>

(5) Summary of Debt

Forgivable Loan

Iowa Department of Natural Resources, \$20,000 interest-free forgivable loan, expiring January 30, 2016. The loan will be forgiven at the end of the grant agreement if all the requirements are met.

	2015	2014
	<u>\$ 18,780</u>	<u>\$ —</u>

(6) Leasing Operations

The Association leased office space from the Northeast Iowa Food Bank through September, 2014, and now leases an office in Des Moines which expires September, 2015 and continues on a month-to-month basis thereafter.

Total rent expense, which included charges for the use of a copy machine, totaled \$9,487 and \$2,700 for the years ended June 30, 2015 and 2014, respectively.