

**RHODE ISLAND COMMUNITY
FOOD BANK ASSOCIATION**

YEAR ENDED JUNE 30, 2014



RHODE ISLAND COMMUNITY FOOD BANK ASSOCIATION

YEAR ENDED JUNE 30, 2014

(WITH COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2013)

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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, 2014, 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)

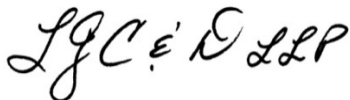
Board of Directors
Rhode Island Community Food Bank Association

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, 2014, 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 2013 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 10, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013 is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in black ink that reads "LGC & D LLP". The letters are cursive and somewhat stylized.

Providence, Rhode Island
October 6, 2014

RHODE ISLAND COMMUNITY FOOD BANK ASSOCIATION

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2014

(WITH COMPARATIVE FINANCIAL INFORMATION AS OF JUNE 30, 2013)

	2014				2013
	Operations		Plant	Total	Total
	Unrestricted	Restricted			
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 937,411	\$ 85,228	\$ 12,047	\$ 1,034,686	\$ 885,349
Promises to give	1,000			1,000	23,366
Accounts receivable	197,002	17,000		214,002	169,730
Food inventory	406,771	616,030		1,022,801	1,069,870
Investments	910,717			910,717	1,210,189
Prepaid expenses	92,955			92,955	101,950
Total current assets	2,545,856	718,258	12,047	3,276,161	3,460,454
Property and equipment, net			6,668,291	6,668,291	6,702,819
Investments, less current portion	3,125,124		1,587	3,126,711	2,685,508
Total assets	<u>\$ 5,670,980</u>	<u>\$ 718,258</u>	<u>\$ 6,681,925</u>	<u>\$ 13,071,163</u>	<u>\$ 12,848,781</u>
LIABILITIES AND NET ASSETS					
Liabilities, all current:					
Accounts payable	\$ 45,995		\$ -	\$ 45,995	\$ 61,065
Accrued expenses	270,955			270,955	260,831
Inventory held for Department of Human Services		\$ 117,060		117,060	103,271
Total liabilities	316,950	117,060	-	434,010	425,167
Net assets:					
Unrestricted:					
Undesignated	2,228,906	-	6,516	2,235,422	2,169,817
Board-designated:					
Contingency reserve	3,125,124			3,125,124	2,683,921
Property and equipment			6,668,291	6,668,291	6,702,819
Total unrestricted net assets	5,354,030	-	6,674,807	12,028,837	11,556,557
Temporarily restricted		601,198	7,118	608,316	867,057
Total net assets	5,354,030	601,198	6,681,925	12,637,153	12,423,614
Total liabilities and net assets	<u>\$ 5,670,980</u>	<u>\$ 718,258</u>	<u>\$ 6,681,925</u>	<u>\$ 13,071,163</u>	<u>\$ 12,848,781</u>

See notes to financial statements.

RHODE ISLAND COMMUNITY FOOD BANK ASSOCIATION

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED JUNE 30, 2014

(WITH COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2013)

	2014				2013
	Operations		Plant	Total	Total
	Unrestricted	Restricted			
Changes in unrestricted net assets:					
Public support and revenue:					
Annual campaign/memberships	\$ 4,361,527	\$ -	\$ -	\$ 4,361,527	\$ 4,135,339
Shared maintenance	385,977			385,977	409,671
Cooperative buying program	600,547			600,547	665,318
Special events revenue, net of event expenses (2014, \$70,108; 2013, \$39,194)	162,250			162,250	132,897
Government grants and contracts	474,856			474,856	348,012
In-kind contributions	25,000			25,000	25,000
Promotion sales	8,201			8,201	2,236
Net investment income	371,763			371,763	176,671
Other	44,434		-	44,434	61,152
Total unrestricted public support and revenue	6,434,555	-	-	6,434,555	5,956,296
Net assets released from restrictions	11,876,331		237,811	12,114,142	10,931,222
Total unrestricted public support and revenue, and other support	18,310,886	-	237,811	18,548,697	16,887,518
Expenses:					
Program services:					
Food distribution and related services	15,835,304	-	287,577	16,122,881	15,110,782
Supporting services:					
Management and general	790,924	-	15,976	806,900	751,711
Fundraising and development	1,130,659		15,977	1,146,636	1,106,884
Total supporting services	1,921,583	-	31,953	1,953,536	1,858,595
Total expenses	17,756,887	-	319,530	18,076,417	16,969,377
Increase (decrease) in unrestricted net assets	553,999	-	(81,719)	472,280	(81,859)
Changes in temporarily restricted assets:					
Food contributions		10,053,545		10,053,545	9,282,394
Foundation grants		1,389,358	236,179	1,625,537	1,587,265
Government grants and contracts		176,319		176,319	189,232
Net assets released from restrictions		(11,876,331)	(237,811)	(12,114,142)	(10,931,222)
Increase (decrease) in temporarily restricted net assets	-	(257,109)	(1,632)	(258,741)	127,669
Increase (decrease) in net assets	553,999	(257,109)	(83,351)	213,539	45,810
Net assets, beginning of year	4,845,031	858,307	6,720,276	12,423,614	12,377,804
Other, Board-designated transfer	(45,000)		45,000		
Net assets, end of year	\$ 5,354,030	\$ 601,198	\$ 6,681,925	\$ 12,637,153	\$ 12,423,614

See notes to financial statements.

RHODE ISLAND COMMUNITY FOOD BANK ASSOCIATION

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2014

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2013)

	Program services			Total program services	Supporting services			2014	2013
	Nutrition education	Community Kitchen and Kids Café	Food distribution		Management and general	Fundraising and development	Total supporting services	Total expenses	Total expenses
Salaries and related expenses:									
Salaries	\$ 35,500	\$ 235,244	\$ 1,340,463	\$ 1,611,207	\$ 428,275	\$ 499,915	\$ 928,190	\$ 2,539,397	\$ 2,409,255
Employees' health, retirement and fringe benefits	6,990	44,376	251,134	302,500	118,060	95,797	213,857	516,357	514,626
Payroll taxes	2,858	18,812	106,472	128,142	47,692	38,974	86,666	214,808	205,443
Total salaries and related expenses	45,348	298,432	1,698,069	2,041,849	594,027	634,686	1,228,713	3,270,562	3,129,324
Administrative and program expenses:									
Advertisement and promotional	816	-	15,517	16,333	845	11,649	12,494	28,827	28,357
Agency shared maintenance credits	-	-	47,413	47,413	-	-	-	47,413	143,429
Bad debt	-	-	-	-	3,518	961	4,479	4,479	1,360
Bank and payroll services fees	-	-	-	-	53,974	-	53,974	53,974	48,677
Consultants	6,047	3,926	90,752	100,725	9,596	28,103	37,699	138,424	110,634
Direct mail	-	-	-	-	-	348,148	348,148	348,148	344,060
Dues and subscriptions	-	20	10,965	10,985	2,873	4,021	6,894	17,879	17,746
Equipment and maintenance	2,037	10,498	113,081	125,616	20,635	29,533	50,168	175,784	146,048
Food - donated food distributed	-	-	10,086,880	10,086,880	-	-	-	10,086,880	9,406,147
Food - cooperative buying program	-	-	542,130	542,130	-	-	-	542,130	647,349
Food - other food purchases	1,859	217,199	1,532,457	1,751,515	-	-	-	1,751,515	1,480,557
Freight and product processing	-	-	442,129	442,129	-	-	-	442,129	318,389
Grants to organizations	-	-	96,875	96,875	-	-	-	96,875	99,683
Insurance	294	1,176	24,988	26,458	9,349	1,470	10,819	37,277	32,692
Lobbying expenses, in-kind	-	-	-	-	25,000	-	25,000	25,000	-
Meetings, conferences and staff training	-	2,204	12,462	14,666	22,167	8,069	30,236	44,902	29,471
Mileage	1,341	2,423	12,649	16,413	191	1,099	1,290	17,703	14,102
Miscellaneous	-	45	550	595	9,582	-	9,582	10,177	20,346
Postage	-	709	2,036	2,745	3,783	20,566	24,349	27,094	21,279
Printing and publication	-	-	191	191	-	24,752	24,752	24,943	17,767
Professional fees	-	-	-	-	17,246	-	17,246	17,246	27,323
Site reimbursements	-	75,716	-	75,716	-	-	-	75,716	142,703
Student expenses	-	39,066	-	39,066	-	-	-	39,066	38,741
Supplies	3,302	14,661	56,907	74,870	2,820	2,948	5,768	80,638	82,770
Telephone	338	1,521	7,436	9,295	3,718	3,887	7,605	16,900	17,373
Temporary personnel	-	-	56,158	56,158	3,570	-	3,570	59,728	43,262
Transportation	-	16,191	91,747	107,938	-	-	-	107,938	89,848
Trash removal	266	7,982	15,697	23,945	1,330	1,330	2,660	26,605	28,127
Utilities	1,329	5,317	112,978	119,624	6,646	6,646	13,292	132,916	108,381
Volunteer expense	-	-	5,174	5,174	54	2,791	2,845	8,019	8,239
Total administrative and program expenses	17,629	398,654	13,377,172	13,793,455	196,897	495,973	692,870	14,486,325	13,539,860
Depreciation	3,195	12,781	271,601	287,577	15,976	15,977	31,953	319,530	300,193
Total expenses	\$ 66,172	\$ 709,867	\$ 15,346,842	\$ 16,122,881	\$ 806,900	\$ 1,146,636	\$ 1,953,536	\$ 18,076,417	\$ 16,969,377

See notes to financial statements.

RHODE ISLAND COMMUNITY FOOD BANK ASSOCIATION

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2014

(WITH COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2013)

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities:		
Change in net assets	\$ 213,539	\$ 45,810
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	319,530	300,193
Net change in donated food inventory	33,335	123,753
Contribution restricted for purchase of property and equipment	(236,179)	(120,495)
Net gain on investments	(336,526)	(150,364)
Bad debt expense	4,479	1,360
Changes in operating assets and liabilities:		
Promises to give	22,366	7,886
Accounts receivable	(48,751)	26,228
Food inventory	13,734	(130,516)
Prepaid expenses	8,995	14,101
Accounts payable	(15,070)	(53,376)
Accrued expenses	10,124	19,279
Inventory held for Department of Human Services	<u>13,789</u>	<u>73,248</u>
Net cash provided by operating activities	<u>3,365</u>	<u>157,107</u>
Cash flows from investing activities:		
Proceeds from sale of investments	1,691,821	142,663
Purchases of investments	(1,497,026)	(467,800)
Purchases of property and equipment	<u>(285,002)</u>	<u>(201,483)</u>
Net cash used in investing activities	<u>(90,207)</u>	<u>(526,620)</u>
Cash provided by financing activities, contribution restricted for purchase of property and equipment	<u>236,179</u>	<u>120,495</u>
Net increase (decrease) in cash and cash equivalents	149,337	(249,018)
Cash and cash equivalents, beginning of year	<u>885,349</u>	<u>1,134,367</u>
Cash and cash equivalents, end of year	<u>\$ 1,034,686</u>	<u>\$ 885,349</u>

Supplemental disclosure, noncash transaction:

During the year ended June 30, 2014, the Food Bank received approximately \$10,054,000 of donated food. Donated food distributions for the year ended June 30, 2014 totaled approximately \$10,087,000.

RHODE ISLAND COMMUNITY FOOD BANK ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

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, 2014.

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

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

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

RHODE ISLAND COMMUNITY FOOD BANK ASSOCIATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

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

Use of estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Summarized financial information:

The accompanying financial statements include prior year summarized comparative information for 2013 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, 2013, from which the summarized information was derived.

Contributions and net assets released from restrictions:

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

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

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

Shared maintenance revenue:

Shared maintenance revenue arises from a per pound fee charged to member agencies for the Food Bank's product and is used to help defray operating costs. Member agencies provide assistance to those in need, including pantries, meal sites, group homes, shelters, and transitional housing facilities. Shared maintenance fees for the year ended June 30, 2014 were \$0.10 and \$0.18 per pound of product for emergency and non-emergency providers, respectively.

RHODE ISLAND COMMUNITY FOOD BANK ASSOCIATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

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

Fair value measurements:

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

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

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

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

Cash and cash equivalents:

Cash and cash equivalents consist of cash on hand, time and demand deposits and short-term investments maturing within three months from the date of acquisition, excluding cash invested in certain money market accounts, which are classified as "investments" for financial statement presentation purposes. Cash equivalents, which totaled \$972,891 at June 30, 2014, 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, 2014, accounts receivable are reported net of an allowance for doubtful accounts of approximately \$1,500.

Food inventory:

The majority of the food distributed by the Food Bank is donated. Donated food is recorded as contribution revenue using per-pound values established by Feeding America, the national food bank network. 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.

RHODE ISLAND COMMUNITY FOOD BANK ASSOCIATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

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

Food inventory (continued):

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

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

Property and equipment:

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

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

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

RHODE ISLAND COMMUNITY FOOD BANK ASSOCIATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

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

Contributed services:

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

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

During 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 statement of activities and changes in net assets at their estimated fair value of \$25,000.

Advertising:

Advertising costs are expensed as incurred.

Income taxes:

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

The Food Bank annually files Internal Revenue Service (IRS) Form 990 – *Return of Organization Exempt From Income Tax*, reporting various information that the IRS uses to monitor the activities of tax-exempt entities. These tax returns are subject to review by the taxing authorities and the Food Bank's income tax returns for 2011, 2012, and 2013 are subject to examination by the IRS and state tax authorities, generally for three years after they were filed. The Food Bank currently has no tax examinations in progress.

Subsequent events:

The Food Bank has evaluated subsequent events through October 6, 2014, 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, 2014

2. Program service accomplishments (unaudited):

In FY 2014, the Rhode Island Community Food Bank distributed 9.9 million pounds of food, feeding over 63,000 people monthly through our network of 178 member agencies at 223 sites statewide. This is noteworthy given the challenges we face. While the demand for food assistance is 91% higher than in 2007, efficiencies in supermarket operations have resulted in the loss of 1.4 million pounds (17%) of donated food since 2009. In order to make up for this loss in donated food, the Food Bank purchased food at wholesale. In FY 2014, 33% of our overall food supply was purchased through wholesale.

Another achievement was our distribution of core food. For the past two years, the Food Bank distributed 87% of its food supply as core, healthy 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 2014, we exceeded this goal. 89% of all the food that was distributed was core, healthy food.

Direct Service Programs

In addition to securing and distributing food for our 178 member agencies, the Food Bank sponsors a variety of direct service programs designed to better the lives of the poor in its service area. These include:

Community Kitchen job training program - a full-time, 14-week culinary job training program that provides low-income adults with the culinary and life skills necessary to obtain and sustain entry-level, upwardly mobile food service industry jobs. As part of their training, students create approximately 355 nutritious meals daily, Tuesday through Friday, for distribution to our Providence and East Providence Kids Cafe locations. During Fiscal Year 2014, the Food Bank conducted three Community Kitchen classes, graduating 36 students. In FY 2014, we achieved a 92% retention rate to graduation and 81% of new graduates have secured employment to date. Overall, the Community Kitchen has a three-year average job placement rate of 90%.

Kids Cafe - serves wholesome evening meals to children at risk of hunger, supplementing federal school nutrition programs. In Fiscal Year 2014, the Food Bank expanded the Kids Cafe program from twelve sites to sixteen sites, providing meals to approximately 800 children each week. Sites are located at Boys & Girls Clubs and Community Centers in East Providence (1); Providence (7); Cumberland (1); Central Falls (3); Newport (3); and Pawtucket (1) (now closed).

RHODE ISLAND COMMUNITY FOOD BANK ASSOCIATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

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

Community Cooking: Wholesome Eating on a Budget – a nutrition education program that provides tips and demonstrations to food pantry clients and staff on how to prepare nutritious meals using Food Bank staples. Education topics include teaching people with limited resources the best ways to use the food available from the Food Bank to create healthy meals and how to stretch dollars further in the grocery store. In FY 2014, Food Bank staff provided 101 direct outreach modules (8-week workshops, on-site nutrition modules and demos) and 14 agency train-the-trainer workshops. Overall, 3,619 clients and staff participated in nutrition education programming.

Volunteers

Volunteers are a critical component in meeting the labor requirements of the Food Bank's sorting and salvage operation. In FY 2014, approximately 985 volunteers (185 regular volunteers and 80 groups) contributed nearly 15,000 hours of service to the Food Bank. Volunteers also provided help with transportation, fundraising and administrative support.

Advocacy, Education and Outreach

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

- SNAP Outreach: In collaboration with URI's Feinstein Center for a Hunger Free America and the Rhode Island Department of Human Services (DHS), the Food Bank's outreach staff worked to increase awareness of SNAP (Supplemental Nutrition Assistance Program, formerly Food Stamps), offered pre-screening for SNAP eligibility and provided assistance in completing the SNAP application. In FY 2014, the goal was to provide assistance for 300 new SNAP applicants. Overall, staff provided assistance to complete applications for: 110 individuals, 125 seniors and 66 families.
- Status Report on Hunger: In November 2013, the Food Bank released its seventh 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.
- Women Ending Hunger: Women Ending Hunger, a volunteer group of the Rhode Island Community Food Bank, works to create long-term solutions to the problem of hunger. This initiative brings together a diverse group of concerned women who commit their time, talent and resources to advocate for change. Women Ending Hunger works on many hunger-related issues, including educating the public, advocating for policy change, nutrition education and SNAP outreach.

RHODE ISLAND COMMUNITY FOOD BANK ASSOCIATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

3. Investments:

Investments consist of the following:

Certificate of deposit	\$ 1,587
Money market funds	<u>948,804</u>
Corporate and foreign bonds, rated:	
A+	28,447
A	190,360
A-	154,761
AA	52,762
AA-	57,118
BB+	27,312
BB	26,219
BBB+	79,396
BBB	106,557
BBB-	<u>26,264</u>
	<u>749,196</u>
Equity securities:	
Consumer	115,415
Consumer staples	115,436
Energy	140,403
Financial	150,511
Health care	124,765
Industrial	126,730
Information	176,989
Materials	38,868
Telecommunication	20,512
Utilities	<u>44,013</u>
	<u>1,053,642</u>

(continued)

RHODE ISLAND COMMUNITY FOOD BANK ASSOCIATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

3. Investments (continued):

Carried forward:

Mutual funds:

Domestic fixed income	\$ 113,313
International fixed income	116,731
Domestic equity	392,933
International equity	504,004
Other	<u>157,218</u>
	<u>1,284,199</u>
	<u>\$ 4,037,428</u>

Net investment income is comprised of the following:

Interest and dividends	\$ 56,426
Net gain on investments	336,526
Fees	<u>(21,189)</u>
	<u>\$ 371,763</u>

4. Property and equipment:

Land	\$ 308,000
Building	2,492,000
Building improvements	5,122,308
Motor vehicles	622,009
Equipment	932,787
Furniture and fixtures	<u>80,626</u>
	9,557,730
Less accumulated depreciation	<u>2,889,439</u>
	<u>\$ 6,668,291</u>

RHODE ISLAND COMMUNITY FOOD BANK ASSOCIATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

5. Temporarily restricted net assets:

Temporarily restricted net assets are restricted for the following purposes:

	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
	\$ 601,198	\$ 7,118	\$ 608,316

6. Line of credit:

The Food Bank has a line of credit facility providing for borrowings up to \$500,000 with interest payable monthly at the London InterBank Offered Rate (LIBOR), which changes on the first of every month, (0.16% at June 30, 2014) plus 2%. The line of credit is secured by the Food Bank's cash and investment portfolio. No amounts were outstanding under the line of credit at June 30, 2014.

7. Accrued expenses:

Payroll, including compensated absences	\$ 228,090
Payroll taxes and withholding	6,215
Pension	12,987
Other	23,663
	\$ 270,955

RHODE ISLAND COMMUNITY FOOD BANK ASSOCIATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

8. Pension plan:

The Food Bank provides a 401(k) plan and a 403(b) employee contribution plan. Under the 401(k) plan, employees become eligible upon employment, with the employer match beginning the first quarter after the employee completes three months of service. There is also a discretionary employer contribution determined by the Board for all employees with at least three months of service and at least 1,000 hours of service during the year of eligibility. Pension plan expense relating to the 401(k) plan for the year ended June 30, 2014 was approximately \$51,700.

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

9. Membership dues:

The Food Bank is a member of Feeding America, the nation's largest domestic hunger relief organization. As a member, the Food Bank is required to distribute all of the food donations received during the fiscal year to other tax-exempt organizations. Membership dues charged by Feeding America consist of two components: the first component is a flat rate charged to all member food banks; the second component is an incremental fee calculated using the Food Bank's goal factor. The goal factor is determined by comparing the poverty population rate in the member food bank's service area to the total poverty rate in the United States. During the year ended June 30, 2014, the Food Bank paid approximately \$10,000 in membership dues.