

FEEDING AMERICA RIVERSIDE/ SAN BERNARDINO

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

JUNE 30, 2018

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1 -2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 11
SUPPLEMENTARY INFORMATION	
Schedule of Expenditures of Federal Awards	12
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	13 - 14
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	15 - 16
Schedule of Findings and Questioned Costs	17
Schedule of Prior Year Findings	18
Schedule of Food Received and Distributed	19

INDEPENDENT AUDITOR'S REPORT

To Board of Directors Feeding America Riverside/ San Bernardino

Report on the Financial Statements

We have audited the accompanying financial statements of **Feeding America Riverside/ San Bernardino**, which comprise the statements of financial position as of June 30, 2018, and the related statements of activities, 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 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain 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 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 **Feeding America Riverside/ San Bernardino** as of June 30, 2018, 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.

Other Matters

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Schedule of Food Received and Distributed is presented for purposes of additional analysis and is not a required part of the basic financial statements. 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 for Federal Awards*, is presented for purposes of additional analysis and is also not a required part of the basic 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 a report dated November 14, 2018, on our consideration of **Feeding America Riverside/ San Bernardino's** internal control over financial reporting and our test 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 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 Feeding America Riverside/ San Bernardino's internal control over financial reporting and compliance.

Suchan & Associates

Suchan & Associates
An Accountancy Corporation

Ontario, California
November 14, 2018

FEEDING AMERICA RIVERSIDE/ SAN BERNARDINO

STATEMENT OF FINANCIAL POSITION

June 30, 2018

ASSETS

CURRENT ASSETS

Cash (Note 3)	\$ 793,191
Accounts receivable (Note 2)	13,224
Grants receivable (Note 2)	261,679
Food inventories (Notes 2 and 4)	1,217,463
Prepays expenses	47,573

Total Current Assets **2,333,130**

RESTRICTED DEPOSITS (Note 3)

Certificate of deposit	65,251
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PROPERTY AND EQUIPMENT (Notes 2, 5 and 6) 630,099

OTHER ASSETS

Deposits	6,800
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Total Assets **\$ 3,035,280**

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued expenses (Note 7)	\$ 193,007
Deferred revenue	49,854

Total Current Liabilities **242,861**

NON-CURRENT LIABILITIES

Line of credit (Note 6)	160,000
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Total Liabilities **402,861**

NET ASSETS

Unrestricted	1,030,687
Unrestricted - board designated	37,500
Unrestricted	1,068,187

Temporarily restricted	346,769
Temporarily restricted - in-kind (Note 4)	1,217,463

Total Temporarily Restricted Net Assets **1,564,232**

Total Net Assets **2,632,419**

Total Liabilities and Net Assets **\$ 3,035,280**

The accompanying Notes to Financial Statements
are an integral part of this statement

FEEDING AMERICA RIVERSIDE/ SAN BERNARDINO

STATEMENT OF ACTIVITIES

Year ended June 30, 2018

	Unrestricted	Temporarily Restricted Net Assets		Total
		Cash Activity	Non-cash Inkind Activity	
PUBLIC SUPPORT AND REVENUES				
Support and Revenues				
Contributions	\$ 777,394	\$ 99,179	\$ -	876,573
Special events	116,591	-	-	116,591
United Way	26,746	-	-	26,746
Total Support and Revenues	920,731	99,179	-	1,019,910
Government grants				
Government grants	401,535	-	3,508,864	3,910,399
In-kind food contributions	-	-	40,826,003	40,826,003
Total Government Grants	401,535	-	44,334,867	44,736,402
Other Revenue				
Shared maintenance	1,012,870	-	-	1,012,870
Interest	35	-	-	35
Recycling	9,717	-	-	9,717
Other income	10,187	-	-	10,187
Total Other Revenue	1,032,809	-	-	1,032,809
Subtotal	2,355,075	99,179	44,334,867	46,789,121
Net assets released from restrictions				
Restrictions satisfied by use	45,530,097	(587,623)	(44,942,474)	-
TOTAL REVENUES	47,885,172	(488,444)	(607,607)	46,789,121
EXPENSES				
Program services	46,945,331	-	-	46,945,331
Supporting services	601,585	-	-	601,585
Fundraising	326,268	-	-	326,268
Total Expenses	47,873,184	-	-	47,873,185
Total Operating Income (Loss)	11,988	(488,444)	(607,607)	(1,084,064)
NON-OPERATING INCOME (LOSS)				
Gain (loss) on sale of assets	80,493	-	-	80,493
Change in net assets	92,481	(488,444)	(607,607)	(1,003,570)
Net Assets, beginning of year	975,706	835,213	1,825,070	3,635,989
Net Assets, end of year	\$ 1,068,187	\$ 346,769	\$ 1,217,463	\$ 2,632,419

The accompanying Notes to Financial Statements
are an integral part of this statement

FEEDING AMERICA RIVERSIDE/ SAN BERNARDINO

STATEMENT OF FUNCTIONAL EXPENSES

Year ended June 30, 2018

	<u>Programs Services</u>	<u>Support Services</u>		
	Food Distribution	General and Admin.	Fund Raising	Total
Salaries and wages	\$ 767,083	\$ 323,613	\$ 107,871	\$ 1,198,567
Payroll taxes	56,978	24,038	8,013	89,028
Employee benefits	139,519	58,859	19,620	217,998
Consulting and staffing	47,915	20,214	6,738	74,867
Professional fees	39,850	5,434	19,828	65,112
Supplies	30,273	15,597	66,461	112,331
Telephone	15,770	6,653	2,218	24,641
Transportation	75,491	10,294	-	85,785
Postage	4,015	548	17,396	21,959
Printing	2,855	-	62,299	65,154
Occupancy	402,588	56,836	14,209	473,633
Insurance	35,645	4,861	-	40,506
Interest	-	-	-	-
Equipment rental and maintenance	144,685	11,464	-	156,149
Travel and conference	6,050	825	-	6,875
Dues and subscriptions	-	27,809	-	27,809
Food purchases	4,926	-	-	4,926
Miscellaneous	11,496	4,849	1,616	17,961
Total Expenses Before Depreciation and In-kind	1,785,137	571,896	326,268	2,683,301
In-kind food donations	44,942,474	-	-	44,942,474
Depreciation	217,720	29,689	-	247,409
† Total Functional Expenses	\$ 46,945,331	\$ 601,585	\$ 326,268	\$ 47,873,184

The accompanying Notes to Financial Statements
are an integral part of this statement

FEEDING AMERICA RIVERSIDE/ SAN BERNARDINO

STATEMENT OF CASH FLOWS

Year ended June 30, 2018

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (1,003,570)
<i>Adjustments to reconcile change in net assets to net cash provided by operating activities</i>	
Depreciation expense	247,409
Gain on disposition of assets	(80,493)
(Increase) decrease in assets:	
Inventory	607,607
Accounts receivable	41,394
Grants receivable	321,785
Prepaid expenses	(15,650)
Increase (decrease) in liabilities:	
Accounts payable and accrued expenses	67,031
Deferred revenue	12,050
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 197,563</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Payment for CD	(35)
Proceeds from sale of fixed assets	89,701
Payments for purchase of fixed assets	(80,221)
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>9,445</u>

NET INCREASE IN CASH	207,008
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CASH AT BEGINNING OF YEAR	<u>586,183</u>
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CASH AT END OF YEAR	<u><u>\$ 793,191</u></u>
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SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:

Cash paid during the years for:

Interest	\$ -
Income tax	\$ -

The accompanying Notes to Financial Statements
are an integral part of this statement

FEEDING AMERICA RIVERSIDE/ SAN BERNARDINO

NOTES TO FINANCIAL STATEMENTS

Year ended June 30, 2018

1. ORGANIZATION

Feeding America Riverside/ San Bernardino, (Organization), is a nonprofit public benefit corporation formed in January 1984 for the purpose of receiving food products solely to, or for the benefit of the needy, the infirmed, aged and infants residing within the counties of Riverside and San Bernardino, California. The Organization is affiliated with Feeding America, a national hunger relief organization.

Feeding America Riverside/ San Bernardino is the primary source of food for over 600 charities and nonprofit organizations, distributing over 2.5 million pounds of food monthly to emergency food pantries, homeless shelters, soup kitchens, day care centers, halfway houses, senior food programs, residential treatment centers, shelters for the abused, after school programs and group homes. More than 400,000 individuals are served each month.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements are prepared on the accrual basis of accounting and in accordance with generally accepted accounting principles.

Accounts/Grants Receivable and Bad Debts

Accounts and grants receivable are charged to bad debt expense when they are determined to be uncollectible based upon a periodic review of the accounts by management. Accounting principles generally accepted in the United States of America require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

Contributions

Contributions, including unconditional promises to give or contributions receivable, are recognized as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions, in the period the donor's commitment is received.

Conditional promises to give are not recognized until they become unconditional; that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value.

Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenues of the unrestricted net asset class.

Donated food products are redistributed by the Organization to its charitable beneficiaries and, accordingly, these donations have been recorded in the financial statements as contributions at a predetermined estimated fair market value.

No amounts have been reflected in the financial statements for donated services inasmuch as no objective basis is available to measure the value of such services; however, a substantial number of volunteers have donated significant amounts of their time in the Organization's operations.

Inventories

Due to the pass-through nature of the food products received, inventories cost of goods sold is not recorded in the financial statements except as in-kind expense items. The donated inventory is valued at fair market value as an increase to inventory and donated in kind when received. The disbursed inventory is recorded as reduction of inventory and an in-kind expense when distributed to local nonprofits or other qualified agencies.

FEEDING AMERICA RIVERSIDE/ SAN BERNARDINO

NOTES TO FINANCIAL STATEMENTS

Year ended June 30, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Capitalization and Depreciation

Depreciation of furniture and equipment is computed by the straight-line method over 3 - 7 years. Leasehold improvements are capitalized and amortized over the term of the lease or the estimated useful life of the improvements, whichever is less. Betterments that materially add to the value of related assets or materially extend the useful life of assets are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. Property and equipment purchased over \$5,000 is capitalized. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the statement of activities.

Income taxes

The Organization is exempt from federal and state income taxes under Section 501(c) (3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code, respectively. Accordingly, no provision for income taxes is included in the financial statements. In addition, the Organization has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Code.

There are no unrecognized tax benefits identified or recorded as liabilities for the year ended June 30, 2018.

Net Assets (Deficit) - The net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations and that may be expendable for any purpose in performing the primary objectives of the Organization. As of June 30, 2018, the board has restricted a net balance of \$37,500 for operating reserves.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time. As the restrictions are satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying financial statements as net assets released from restrictions.

Permanently Restricted Net Assets- Net assets subject to donor-imposed stipulations that may be maintained permanently by the Organization. As of June 30, 2018, there are no permanently restricted net assets maintained by Feeding America Riverside/ San Bernardino.

Cash and cash equivalent

For the purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash.

Use of estimates

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses. Actual results could vary from the estimates that were utilized in preparing the financial statements.

FEEDING AMERICA RIVERSIDE/ SAN BERNARDINO

NOTES TO FINANCIAL STATEMENTS

Year ended June 30, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Advertising costs

The Organization utilizes many forms of self-promotion and advertising as part of its fundraising activities. All costs are expensed as incurred.

Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among programs and supporting services benefited. Indirect costs are charged based on payroll allocations or occupancy percentage, as applicable.

3. RESTRICTED DEPOSITS

Certificate of deposit bearing interest at .05% per annum with a maturity date of September 6, 2018, in the amount of \$65,251 is held and separate for the building fund.

Included in cash and the certificate of deposit are temporarily restricted deposits which consist of the following restrictions:

Use Restrictions

Current use restrictions	
Program	56,673
Long term use restriction	
Building fund	<u>290,096</u>
Total use restrictions	<u>\$ 346,769</u>

Feeding America Riverside/ San Bernardino received permission from the donor of the building fund to temporarily utilize the building fund to assist in the short term operating cash flow. This is to be re-funded and utilized for the purchase of a new building.

4. FOOD INVENTORIES

Donated food inventories are stated at the nationally calculated average price per pound of \$1.73 as of June 30, 2018. This average per pound is based on an independent study by Feeding America. Purchased food is valued at cost. USDA commodities are stated at the value assigned by USDA.

Food inventory consists of the following:

Purchased	\$ -
Donated	1,031,631
USDA commodities	<u>185,832</u>
Total Food Inventory	<u>\$ 1,217,463</u>

FEEDING AMERICA RIVERSIDE/ SAN BERNARDINO

NOTES TO FINANCIAL STATEMENTS

Year ended June 30, 2018

5. PLANT AND EQUIPMENT

Property and equipment consist of the following:

	Beginning Balance June 30, 2017	Additions	Deletions	Ending Balance June 30, 2018
Transportation and warehouse equipment	\$ 2,262,372	74,825	336,407	\$ 2,000,790
Office Equipment	119,085	-	-	119,085
Leasehold improvements	44,331	5,396	-	49,727
Total Fixed Assets	2,425,788	80,221	336,407	2,169,602
Accumulated Depreciation	1,619,293	247,409	327,199	1,539,503
Net Book Value	806,495	(167,188)	9,208	630,099
 Net Property and Equipment	 \$ 806,495	 \$ (167,188)	 \$ 9,208	 \$ 630,099

Depreciation expense for the fiscal year ended June 30, 2018, totaled \$247,409.

The depreciation policies followed by the Organization are described in Note 2.

All current and future assets of the Organization are pledged as security against debt described in note 6.

6. LINE OF CREDIT

\$300,000 revolving line of credit payable to Feeding America National dated June 24, 2015, was amended on August 30, 2017. The amended agreement reduced the maximum availability to \$160,000 with an expiration date of June 30, 2019. From the expiration date, repayments will be 1/12 of the outstanding balance. All principal and accrued interest is due on or before the maturity date of June 30, 2020. The line of credit bears no interest through July 1, 2019, after which interest will be charged at 2% plus the LIBOR 3-month maturity rate. The line of credit is secured by all current and future personal property owned by the Organization. Feeding America Riverside/ San Bernardino is also required to be in full compliance with Feeding America National's compliance requirements in the calendar year 2018.

Principal repayment schedules are as follows:

Years Ending June 30,	
2019	\$ -
2020	160,000
2021	-
2022	-
2023	-
Thereafter	-
TOTAL	\$ 160,000

7. COMPENSATED ABSENCES / ACCRUED VACATION

Employees accrue paid time off based on position and length of service. Included in accrued expenses is unpaid vacation as of June 30, 2018, in the amount of \$62,510.

FEEDING AMERICA RIVERSIDE/ SAN BERNARDINO

NOTES TO FINANCIAL STATEMENTS

Year ended June 30, 2018

8. COMMITMENTS AND CONTINGENCIES

Litigation

Feeding America Riverside/ San Bernardino experiences litigation during the normal course of its operations. Management is currently not aware of any pending or threatened litigation.

Donor restrictions

Feeding America Riverside/ San Bernardino has not maintained necessary amounts of cash or cash equivalents to comply with long term donor-imposed restrictions.

Lease Obligations

Feeding America Riverside/ San Bernardino leases its warehouse and office facility with a non-cancellable operating lease agreement. The lease expires May 31, 2019. The agreement generally requires Feeding America Riverside/ San Bernardino to pay common area operating expenses. Total lease payments for the year ended June 30, 2018, was \$356,471.

The following is a schedule by year of future minimum rental payments required under the operating lease agreements:

Property lease commitments:

2019	326,766
2020	-
2021	-
2022	-
2023	-
	\$ 326,766

10. CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject Feeding America Riverside/ San Bernardino to concentrations of credit risk consist principally of cash deposits. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. The balance in these accounts may, at times, exceed federally insured limits; however, the Organization does not believe it is subject to any significant credit risk as a result of these deposits. At June 30, 2018, Feeding America Riverside/ San Bernardino had approximately \$504,483 in excess of FDIC insured limits.

11. SUBSEQUENT EVENTS

Feeding America Riverside/ San Bernardino has evaluated events and transactions occurring subsequent to the statement of financial position date of June 30, 2018, for items that should potentially be recognized or disclosed in these financial statements. The evaluation was conducted through November 14, 2018, the date these financial statements were available to be issued.

FEEDING AMERICA RIVERSIDE/ SAN BERNARDINO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2018

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through I.D. Number	Federal Expenditures
U.S. Department of Agriculture			
California Department of Social Services			
Emergency Food Assistance Program - Administration	10.568	15-MOU-00133	349,499
Emergency Food Assistance Program - Food Commodities	10.569	15-MOU-00133	3,508,864
Total Food Distribution Cluster			<u>3,858,363</u>
California Association of Food Banks			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	16-SUB-00965	<u>26,064</u>
Total			<u>\$ 3,884,427</u>

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Feeding America Riverside/ San Bernardino under programs of the federal government for the year ended June 30, 2018. The information in this schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of Feeding America Riverside/ San Bernardino, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Feeding America Riverside/ San Bernardino.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- (1) 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, *Cost Principles for Non-profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) Feeding America Riverside/ San Bernardino has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE C – FOOD DISTRIBUTION

Non-monetary assistance is reported at the fair value of the commodities received and distributed. At June 30, 2018, Feeding America Riverside/ San Bernardino had food commodities totaling \$185,832 in inventory.

See Independent Auditors' Report

**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**

**To the Board of Directors
Feeding America Riverside/ San Bernardino**

We have audited, 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, the financial statements of **Feeding America Riverside/ San Bernardino**; which comprise the statement of financial position as of June 30, 2018, 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 November 14, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Feeding America Riverside/ San Bernardino'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Feeding America Riverside/ San Bernardino's internal control. Accordingly, we do not express an opinion on the effectiveness of the Feeding America Riverside/ San Bernardino'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Feeding America Riverside/ San Bernardino'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 Feeding America Riverside/ San Bernardino'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 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 Feeding America Riverside/ San Bernardino's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Feeding America Riverside/ San Bernardino's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Suchan + Associates

Suchan & Associates
An Accountancy Corporation

Ontario, California
November 14, 2018

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

**To the Board of Directors
Feeding America Riverside/ San Bernardino**

Report on Compliance for Each Major Program

We have audited Feeding America Riverside/ San Bernardino'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 Feeding America Riverside/ San Bernardino's major federal programs for the year ended June 30, 2018. Feeding America Riverside/ San Bernardino'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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Feeding America Riverside/ San Bernardino'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 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 material effect on the major federal programs occurred. An audit includes examining, on a test basis, evidence about Feeding America Riverside/ San Bernardino'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 with each major program. However, our audit does not provide a legal determination of Feeding America Riverside/ San Bernardino's compliance.

Opinion on Each Major Federal Program

In our opinion, Feeding America Riverside/ San Bernardino complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2018.

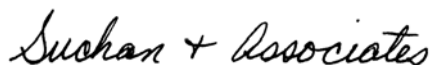
Report on Internal Control Over Compliance

Management of Feeding America Riverside/ San Bernardino 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 Feeding America Riverside/ San Bernardino's internal control over compliance with the types of requirements that could have a direct and material effect on each major 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 the Feeding America Riverside/ San Bernardino's internal control over compliance.

A deficiency in internal control over compliance 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, noncompliance with a type of compliance requirements 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 compliance requirement will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or 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 the 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 our testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Suchan & Associates
An Accountancy Corporation

Ontario, California
November 14, 2018

FEEDING AMERICA RIVERSIDE/ SAN BERNARDINO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2018

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on the financial statements of **Feeding America Riverside/ San Bernardino**.
2. There were no significant deficiencies or material weaknesses disclosed during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of **Feeding America Riverside/ San Bernardino** were disclosed during the audit.
4. No material weaknesses were identified during the audit of the major federal award programs.
5. The auditor's report on compliance for the major federal award programs for **Feeding America Riverside/ San Bernardino** expresses an unmodified opinion.
6. Audit findings, if any, that are required to be reported in accordance with 2 CFR section 200.516(a) relative to the major federal award programs for Feeding America Riverside/ San Bernardino are reported in this Schedule.
7. The programs tested as major programs:
Food Distribution Cluster
USDA – Emergency Food Assistance Program (food commodities) CFDA No. 10.569
USDA – Emergency Food Assistance Program (administrative costs) CFDA No. 10.568
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. **Feeding America Riverside/ San Bernardino** was determined to be a low-risk auditee.

B. FINDINGS-FINANCIAL STATEMENTS AUDIT

None

C. FINDINGS – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None

FEEDING AMERICA RIVERSIDE/ SAN BERNARDINO

SUMMARY OF PRIOR YEAR FINDINGS

June 30, 2018

FINANCIAL STATEMENT AUDIT

None

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

FEEDING AMERICA RIVERSIDE/ SAN BERNARDINO
SCHEDULE OF FOOD RECEIVED AND DISTRIBUTED

June 30, 2018

	<u>Pounds</u>	<u>Dollars</u>
Beginning inventory	1,332,325	\$ 1,825,070
Donated food received	22,620,794	40,826,003
USDA commodities received	5,021,111	3,508,864
Purchased food	<u>-</u>	<u>-</u>
Total food available	28,974,230	46,159,937
Less food distributed and adjustments	<u>28,101,866</u>	<u>44,942,474</u>
Ending Inventory	<u>872,364</u>	<u>\$ 1,217,463</u>

See Independent Auditors' Report