

**FOOD IN NEED OF DISTRIBUTION, INC.  
dba FIND FOOD BANK**

**AUDITED FINANCIAL STATEMENTS**

**Year ended June 30, 2018**

**OSBORNE· RINCON  
CERTIFIED PUBLIC ACCOUNTANTS  
79-245 CORPORATE CENTRE DRIVE  
LA QUINTA, CA 92253**

**FOOD IN NEED OF DISTRIBUTION, INC**  
**dba FIND Food Bank**  
**Year ended June 30, 2018**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Food in Need of Distribution, Inc.  
dba FIND Food Bank  
Indio, California

We have audited the accompanying financial statements of Food in Need of Distribution, Inc. dba FIND Food Bank (FIND), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities 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 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 Food in Need of Distribution, Inc. dba FIND Food Bank 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.

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### **Report on Summarized Comparative Information**

We have previously audited the FIND's 2017 financial statements, and an unmodified audit opinion on those audited financial statements in our report dated September 18, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Functional Expenses on page 13 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Osborne Rincon*

October 22, 2018

FOOD IN NEED OF DISTRIBUTION, INC.  
dba FIND FOOD BANK  
STATEMENT OF FINANCIAL POSITION  
June 30, 2018  
(Summarized totals for 2017)

	Unrestricted	Temporarily	Restricted	Total All Funds	
	Fund	Restricted	In-kind	2018	2017
	Fund	Fund	Fund		
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	\$ 1,738,574	\$ 247,701	\$ -	\$ 1,986,275	\$ 1,983,775
Accounts and grants receivable	374,482	-	-	374,482	39,261
Food inventories - Note 4	-	-	841,059	841,059	628,021
Prepaid expenses	-	-	-	-	15,068
Cal Food Inventory	155,913	-	-	155,913	-
Deposits on equipment	29,186	-	-	29,186	264,948
Certificates of deposit	17,831	-	-	17,831	17,804
Certificates of deposit - securing mortgage	1,005	-	-	1,005	1,005
Total current assets	<u>2,316,991</u>	<u>247,701</u>	<u>841,059</u>	<u>3,405,751</u>	<u>2,949,882</u>
<b>PROPERTY AND EQUIPMENT</b>					
Land	560,778	-	-	560,778	560,778
Building	4,698,294	-	-	4,698,294	4,681,893
Building improvements - securing mortgage	69,652	-	-	69,652	69,652
Equipment - securing mortgage	858,220	-	-	858,220	856,436
Computers and software	87,360	5,512	-	92,872	80,564
Vehicles	1,089,800	-	-	1,089,800	804,344
	<u>7,364,104</u>	<u>5,512</u>	<u>-</u>	<u>7,369,616</u>	<u>7,053,667</u>
Less: accumulated depreciation	<u>(2,722,281)</u>	<u>-</u>	<u>-</u>	<u>(2,722,281)</u>	<u>(2,495,182)</u>
Total property and equipment	<u>4,641,823</u>	<u>5,512</u>	<u>-</u>	<u>4,647,335</u>	<u>4,558,485</u>
<b>OTHER ASSETS</b>					
Security deposit	1,500	-	-	1,500	1,500
Total other assets	<u>1,500</u>	<u>-</u>	<u>-</u>	<u>1,500</u>	<u>1,500</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 6,960,314</u></u>	<u><u>\$ 253,213</u></u>	<u><u>\$ 841,059</u></u>	<u><u>\$ 8,054,586</u></u>	<u><u>\$7,509,867</u></u>
<b>CURRENT LIABILITIES</b>					
Accounts payable and accrued expenses	\$ 449,852	\$ -	\$ -	\$ 449,852	\$ 38,953
Lift to Rise	-	132,465	-	132,465	-
Notes payable	61,483	-	-	61,483	46,181
Total current liabilities	<u>511,335</u>	<u>132,465</u>	<u>-</u>	<u>643,800</u>	<u>85,134</u>
<b>LONG-TERM LIABILITIES</b>					
Notes payable	1,182,809	-	-	1,182,809	1,237,292
Total liabilities	<u>1,694,144</u>	<u>132,465</u>	<u>-</u>	<u>1,826,609</u>	<u>1,322,426</u>
<b>NET ASSETS:</b>					
Unrestricted	5,266,170	-	-	5,266,170	5,070,580
Temporarily restricted	-	120,748	-	120,748	488,840
Temporarily restricted - in-kind	-	-	841,059	841,059	628,021
<b>TOTAL NET ASSETS</b>	<u>5,266,170</u>	<u>120,748</u>	<u>841,059</u>	<u>6,227,977</u>	<u>6,187,441</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 6,960,314</u></u>	<u><u>\$ 253,213</u></u>	<u><u>\$ 841,059</u></u>	<u><u>\$ 8,054,586</u></u>	<u><u>\$7,509,867</u></u>

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

FOOD IN NEED OF DISTRIBUTION, INC.  
dba FIND FOOD BANK  
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2018  
(Summarized totals for 2017)

	Unrestricted Fund	Temporarily Restricted Fund	Restricted In-kind Fund	Total All Funds	
				2018	2017
PUBLIC SUPPORT AND REVENUES					
Public support					
Donations from individuals	\$ 796,835	\$ -	\$ -	\$ 796,835	\$ 1,067,868
Grants and contributions	1,857,127	247,702	-	2,104,829	1,788,828
Total public support	2,653,962	247,702	-	2,901,664	2,856,696
In-kind					
In-kind food contribution - Note 4	-	-	14,260,229	14,260,229	15,445,868
Total in-kind	-	-	14,260,229	14,260,229	15,445,868
Revenues					
Shared maintenance	152,471	-	-	152,471	219,235
Other revenues	145,594	-	-	145,594	157,667
Interest income	1,613	-	-	1,613	247
Total revenues	299,678	-	-	299,678	377,149
Total support, in-kind and revenues	2,953,640	247,702	14,260,229	17,461,571	18,679,713
Revenues released from restrictions	488,840	(488,840)	-	-	-
<b>TOTAL PUBLIC SUPPORT AND REVENUES</b>	<b>3,442,480</b>	<b>(241,138)</b>	<b>14,260,229</b>	<b>17,461,571</b>	<b>18,679,713</b>
EXPENSES					
Program services - Note 4	1,942,629	126,954	14,047,191	16,116,774	18,442,878
Supporting services	1,304,261	-	-	1,304,261	798,971
<b>TOTAL EXPENSES</b>	<b>3,246,890</b>	<b>126,954</b>	<b>14,047,191</b>	<b>17,421,035</b>	<b>19,241,849</b>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>195,590</b>	<b>(368,092)</b>	<b>213,038</b>	<b>40,536</b>	<b>(562,136)</b>
<b>NET ASSETS, beginning of year</b>	<b>5,070,580</b>	<b>488,840</b>	<b>628,021</b>	<b>6,187,441</b>	<b>6,749,577</b>
<b>NET ASSETS, end of year</b>	<b>\$ 5,266,170</b>	<b>\$ 120,748</b>	<b>\$ 841,059</b>	<b>\$ 6,227,977</b>	<b>\$ 6,187,441</b>

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

FOOD IN NEED OF DISTRIBUTION, INC.  
dba FIND FOOD BANK  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2018  
(Summarized totals for 2017)

	<b>Total All Funds</b>	
	<b>2018</b>	<b>2017</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (Decrease) in net assets	\$ 40,536	\$ (562,136)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities		
Depreciation	227,101	282,454
(Increase) decrease in assets:		
Accounts and grants receivable	(335,221)	114,973
Food inventories	(213,038)	834,572
Prepaid expenses	15,068	(15,068)
Cal Food inventories	(155,913)	-
Increase in liabilities:		
Accounts payable and accrued expenses	410,899	1,532
Lift to Rise	132,465	-
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>121,897</b>	<b>656,327</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Increase in certificates of deposit	27	28
Purchase of property and equipment	(80,187)	(43,132)
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<b>(80,160)</b>	<b>(43,104)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal payments on notes payable	(42,228)	(43,870)
Proceeds from debt refinance	1,272,360	-
Cash paid for debt refinance	(1,269,369)	-
<b>NET CASH USED BY FINANCING ACTIVITIES</b>	<b>(39,237)</b>	<b>(43,870)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>2,500</b>	<b>569,353</b>
<b>CASH AND CASH EQUIVALENTS, Beginning of year</b>	<b>1,983,775</b>	<b>1,414,422</b>
<b>CASH AND CASH EQUIVALENTS, End of year</b>	<b>\$ 1,986,275</b>	<b>\$ 1,983,775</b>
<b>SUPPLEMENTARY INFORMATION:</b>		
Cash paid during the year for interest	\$ 47,490	\$ 50,242

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

FOOD IN NEED OF DISTRIBUTION, INC.  
dba FIND FOOD BANK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Date of Management's Review

Management has evaluated the subsequent events through October 22, 2018, the date on which the financial statements were available to be issued.

Nature of Organization

Food In Need of Distribution, Inc. dba FIND Food Bank ("FIND") is a non-profit organization that was incorporated June 29, 1983 under the laws of the State of California. FIND Food Bank is an organization with a mission dedicated to relieving hunger, the causes of hunger, and the problems associated with hunger through awareness, education, and mobilization of resources and community involvement. The core work of FIND is the collection and distribution of donated food and other grocery products to charitable agencies in the Eastern Riverside and Southern San Bernardino County who serve low-income and needy people. FIND supplements donated food and products with the purchase of specific food and hunger awareness campaigns in order to educate and inform the public regarding the problem of hunger. FIND is an affiliate member of Feeding America, the nation's largest hunger-relief organization and California Association of Food Banks.

Other Major Programs

CalFresh Food Stamp Outreach Program and Nutritional Educations – This program is to create awareness of qualification, assistance with applications and follow up for approval for people who are served by FIND and our partnering agencies.

Fresh Produce – Distributes a variety of fresh, nutritious and healthy produce donated through local and regional produce distributors and growers to FIND agencies year-round and at no cost to our partnering agencies.

Children's Summer Feeding – Provides nutritious meals and snacks to needy children in a safe and nurturing environment throughout the summer months when schools are out.

Mobile Pantry – Delivers fresh produce, bread, dairy products, and other food and grocery items directly to those who need it most. Emphasis is placed on serving rural communities and filling service gaps created by limited accessibility to wholesome food.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Revenues are recognized in the period in which they are earned. Expenses are recognized in the period in which the corresponding liability is incurred or commitment is made.

Financial Statement Presentation

FIND has adopted Generally Accepted Accounting Principles applicable to external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into three net asset categories according to externally (donor) imposed restrictions. A description of the three applicable net asset categories follows

Unrestricted Net Assets – Included are the revenues and expenses associated with the principal mission of FIND that are not restricted by donor stipulations. Revenues which were used for the restricted purpose in the year that the funds were received are classified as unrestricted net assets.

**Continued**



FOOD IN NEED OF DISTRIBUTION, INC.  
dba FIND FOOD BANK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Temporarily Restricted Net Assets – Included are contributions or grants wherein the donor has specified the use of the funds and for which donor-imposed restrictions have not been met. When such stipulations have been met, the net assets are reclassified to unrestricted net assets and reported in the statement of activities as “revenue released from restrictions.”

Permanently Restricted Net Assets – Included are gifts which require, by donor restrictions, that the funds be used in the acquisition of a specific asset or held for investment purposes in accordance with donor restriction. There were no permanently restricted net assets at June 30, 2018.

Use of Estimates

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

Concentration of Credit Risk

FIND maintained cash accounts in excess of federally insured limits of \$250,000 periodically throughout the year. It is not unusual for this limit to be exceeded on a periodic basis. Management is aware of this matter and evaluates alternatives for safeguarding cash and at the same time maximizing operational performance. Potential risk also arises from significant customers and growers.

Fair Value Measurements

Generally accepted accounting principles provide guidance on how fair value should be determined when financial statement elements are required to be measured at fair value. FIND is required to measure accounts receivable and related revenues at fair value.

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 functional expenses. Accordingly, certain costs have been allocated among programs and supporting services benefited.

Cash and Cash Equivalents

For purposes of the statement of cash flows, FIND considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

Food Inventories

Due to the agent 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 and is reflected as an increase to inventory and donation in-kind when received. The disbursed inventory is recorded as a reduction of inventory and an in-kind expense when acquired by local non-profit or other qualified agencies.

Income Taxes

FIND is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and similar California statutes, and therefore has made no provision for income taxes in the accompanying financial statements.

**Continued**

FOOD IN NEED OF DISTRIBUTION, INC.  
dba FIND FOOD BANK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Property and Equipment

Property and equipment are recorded at cost, or fair market value when donated. Betterments which materially add to the value of related assets or materially extend the useful life of assets are capitalized. Normal building maintenance and minor equipment purchases are included as expenses. Property and equipment with a cost below \$1,000 are expensed in the period purchased. Depreciation of equipment is provided on a straight-line method based on estimated useful lives as follows:

<u>Depreciable Assets</u>	<u>Useful Lives</u>
Equipment	5 to 7 years
Computers and software	3 years
Vehicles	5 years
Building and improvements	39 years

Support and Revenue

Annual contributions are generally available for unrestricted use in the related year unless specifically restricted by the donor. Conditional promises to give are not included as support until the conditions are substantially met. An allowance for uncollectible promises is provided based on management's evaluation of potential uncollectible promises receivable at year-end. Grants and other contributions of cash and other assets are reported as temporarily 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.

Contributions of donated noncash assets are recorded at their fair value in the period received. Contributions of donated services that creates or enhances nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. No amounts have been reflected in the financial statements for donated services provided by volunteers inasmuch as no objective basis is available to measure the value of such services; however, management estimates that approximately 5,000 volunteers have donated over 14,600 hours to FIND's operations.

Memorandum Totals

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with FIND's financial statements for the prior year, from which the summarized information was derived.

New Accounting Pronouncements

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14 regarding presentation of financial statements of not-for-profit organizations. Among other requirements, ASU 2016-14 requires additional disclosures regarding the classification of expenses and the liquidity and availability of funds, and modifies the reporting of net assets. ASU 2016-14 is effective for FIND's fiscal year ending June 30, 2019. The standard will not affect the recognition of financial statement elements. FIND is evaluating the impact this standard will have on the presentation of the financial statements and disclosures.

FOOD IN NEED OF DISTRIBUTION, INC.  
dba FIND FOOD BANK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 1: CERTIFICATES OF DEPOSIT**

Certificates of deposit have initial maturities in excess of three months and are held at a local banking institution.

**NOTE 2: ACCOUNTS AND GRANTS RECEIVABLE**

Accounts receivable consists of uncollected Shared Maintenance Fees from participating member agencies amounting to \$374,483 and \$39,261 at June 30, 2018 and 2017, respectively. FIND uses the direct write-off method for bad debts. Management believes that all of the accounts receivable are fully collectible. Therefore, no allowance for doubtful accounts has been established.

In the current year, FIND accrued for grant funds related to Cal Foods. Of the amount recorded as accounts receivable, \$346,148 is related to the single grant. The food purchase commitments related to this grant, for which purchases had been made but not delivered are recorded as Cal Food Inventory on the balance sheet.

**NOTE 3: INCOME TAXES**

FIND is a not-for-profit organization that is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code and Section 23401 of the California Tax Code. FIND is, however, liable for certain income taxes on unrelated business taxable income to both the Internal Revenue Service and Franchise Tax Board. In previous years ended, FIND adopted accounting standards for the accounting for uncertainty in income taxes. These standards provide guidance for the accounting and disclosure about uncertain tax positions taken by an organization. Management believes that all of the positions taken by FIND in its federal and state income tax returns are more likely than not to be sustained upon examination. FIND's tax returns are subject to examination by the Internal Revenue Service and the California Franchise Tax Board, generally for three years and four years, respectively, after they are filed.

**NOTE 4: FOODS HELD FOR DISTRIBUTION**

FIND, functioning as an intermediary, reports the fair value of donated food and grocery products as temporarily restricted. The related temporarily restricted in-kind revenues and expenses are also reported at fair value. During the year ended June 30, 2018, FIND distributed approximately 9,185,000 pounds of donated product received (valued at approximately \$13,746,000), 130,000 pounds of purchased product (valued at approximately \$113,000) and 423,000 pounds of USDA commodities (valued at approximately \$399,000).

The approximate average wholesale value of one pound of donated product at the national level, which was determined to be \$1.68 during 2018, was based upon a study performed by Feeding America, and was used to value all donated product received during the fiscal year ended June 30, 2018. Product purchased during the fiscal year ended June 30, 2018 was valued at cost and averaged \$0.87 per pound. USDA commodities received during the fiscal year ended June 30, 2018 was valued at \$0.94 per pound.

All food inventory held at June 30, 2017 and distributed during the fiscal year ended June 30, 2018 was valued at the approximate average wholesale value of one pound of donated product at the national level, which was determined to be \$1.73 during 2017 based on the Feeding America annual study.

**Continued**

FOOD IN NEED OF DISTRIBUTION, INC.  
 dba FIND FOOD BANK  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2018

**NOTE 4: FOODS HELD FOR DISTRIBUTION (continued)**

FIND received approximately 8,182,000 pounds in donated product (valued at approximately \$13,746,000), 216,000 pounds of USDA commodities (valued at approximately \$187,000) and purchased approximately 564,000 pounds of food products (valued at approximately \$532,000) during the year ended June 30, 2018.

**NOTE 5: OPERATING LEASE**

FIND leases a printer/copier for general office use. The monthly base lease payment for the printer/copier is \$380. An additional fee for excess usage is assessed each month. Minimum lease expense for the year ended June 30, 2018 was \$4,560. Future lease payments will be as follows:

2019	4,560
2020	4,560
2021	<u>760</u>
Total	<u>\$ 9,880</u>

**NOTE 6: LAND AND BUILDING**

FIND entered into grant agreements with various local governments to acquire the land and building from which FIND currently operates, 83-775 Citrus Avenue, Indio, California, 92201. Grant restrictions included a requirement that the building be used to distribute food for a minimum of 5 years from October 1, 2009, through September 30, 2014. The grants also include provisions that, in the event the land and building are sold before a specific date, the grants require that a portion of the original grant funding be returned to the grantors on a sliding scale, ending March 31, 2023. Management currently has no intentions of selling the land and building.

The City of Indian Wells (IW) granted FIND \$250,000 for this project. The IW grant allows FIND to lease up to 50% of the building with the lease proceeds restricted for use for FIND's charitable purpose. FIND is restricted from selling or otherwise disposing of the project at any time prior to April 1, 2018, without the prior written consent of IW.

Additionally, if the land and building were sold, the grant funds to be returned to IW are as follows as of June 30, 2018:

Sale date prior to April 1, 2018	Return \$250,000 (100% of original grant)
Sale date April 1, 2018 – March 31, 2019	Return \$225,000 (90% of original grant)
Sale date April 1, 2019 – March 31, 2020	Return \$200,000 (80% of original grant)
Sale date April 1, 2020 – March 31, 2021	Return \$150,000 (60% of original grant)
Sale date April 1, 2021 – March 31, 2022	Return \$125,000 (50% of original grant)
Sale date April 1, 2022 – March 31, 2023	Return \$100,000 (40% of original grant)

**NOTE 7: NOTES PAYABLE**

In November 2017 of the current fiscal year, FIND refinanced the note payable with Bank of America in order to obtain more favorable financing and remove the balloon payment which was due in 2019. The new loan terms consist of an interest rate of 4.55% computed on a 360-day year, a seven-year life, and requires equal monthly payments of \$9,808.96 with the remaining principal due with the last payment which is due December 10, 2024. The total fees paid in connection with the refinance transaction of \$5,500 were expensed in the current year.

**Continued**

FOOD IN NEED OF DISTRIBUTION, INC.  
 dba FIND FOOD BANK  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2018

**NOTE 7: NOTES PAYABLE (continued)**

The new note is collateralized by the real property located at 83775 Citrus Avenue, Indio, California. The estimated principal payable over each of the next five years and thereafter is as follows:

2019	\$ 61,483
2020	64,240
2021	67,419
2022	70,602
2023	73,935
Thereafter	<u>906,613</u>
	<u>\$ 1,244,292</u>

**NOTE 8: LIFT TO RISE FORMERLY COLLABORATING FOR CLIENTS**

Beginning fiscal year ended June 30, 2016 and based on multi-year grants secured by FIND to support such emerging work in the community, FIND served as the original fiscal agent for a local, community-based, community-driven initiative known as "Collaborating for Client" (C4C). In addition to serving as fiscal agent to administer and report on the use of multi-year C4C grant funding, FIND's CEO and other key staff serve on the "Leadership Table" of this local initiative, whose work includes other community-based organizations and technical assistance partners working toward the outcome that "All Coachella Valley families are healthy, stable and thriving." The nature of this work benefits from fiscal agency in the early stages while work is mapped out and divided among partners. Work and governance in future years will be determined by the C4C Leadership Table as this initiative evolves. The purpose of this initiative is ultimately to create an independent organization to bring together entities in both the public and private sector to achieve the stated goal. During the current year, the decision was made to make the Regional Access Project the new fiscal agent for C4C and to rename the project to Lift to Rise. As of July 1, 2018, FIND will no longer be the fiscal agent. The assets related to Lift to Rise which will be given to the new entity the first week of July have been reporting as liabilities in the Temporarily Restricted section of the balance sheet. These amounts were all paid out during the first week of July 2018.

## SUPPLEMENTARY INFORMATION

FOOD IN NEED OF DISTRIBUTION, INC.  
dba FIND FOOD BANK  
SCHEDULE OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2018

Schedule 1

**2017  
Memorandum  
Only**

	Program Services				Supporting Services			Total	Total
	Food Distribution	Fresh Produce	CalFresh	Children's Feeding Program	Fund-Raising	General & Administrative	C4C		
Salaries and wages	\$ 383,732	\$ 23,595	\$ 197,964	\$ 11,427	\$ 267,851	\$ 238,593	\$ 163,482	\$ 1,286,644	\$ 1,030,111
Payroll taxes	19,567	15,654	17,819	4,680	22,882	20,021	12,952	113,575	91,883
Employee benefits & other	67,327	27,350	16,691	6,951	13,273	20,517	9,670	161,779	130,296
Contract labor	1,957	1,209	36,439	-	748	-	2,285	42,638	73,998
C4C expenses	-	-	-	-	-	-	248,291	248,291	163,783
Food purchases	82,508	226,918	-	130,398	-	-	-	439,824	312,380
Shipping & freight	27,314	109,885	-	-	-	-	-	137,199	190,222
Bank charges & other fees	-	-	-	-	6,227	344	-	6,571	4,520
Direct mail & advertising	-	-	-	-	172,770	-	480	173,250	138,719
Insurance	10,402	6,620	7,565	630	3,152	4,521	2,207	35,097	31,015
Member fees	6,041	13,389	-	36	1,206	74	-	20,746	15,556
Mortgage interest	26,086	10,741	5,115	511	5,115	-	3,580	51,148	50,242
Occupancy costs	36,254	28,859	6,053	4,015	8,563	837	1,057	85,638	84,010
Office expenses	8,465	6,401	3,972	508	3,614	8,314	5,078	36,352	31,399
Professional fees	25,525	3,598	4,284	171	2,753	1,553	1,199	39,083	18,261
Repairs & maintenance	14,858	13,436	2,368	95	947	-	663	32,367	61,486
Supplies & materials	6,702	5,827	1,823	73	729	219	510	15,883	50,430
Telephone & computers	12,505	9,712	9,717	1,487	11,305	268	3,219	48,213	41,018
Travel & meeting expenses	3,347	-	26,966	859	6,283	4,689	15,407	57,551	34,341
Transportation & vehicles	59,779	49,155	-	5,960	-	-	-	114,894	94,580
<b>Total expenses before in-kind and depreciation</b>	<b>792,369</b>	<b>552,349</b>	<b>336,776</b>	<b>167,801</b>	<b>527,418</b>	<b>299,950</b>	<b>470,080</b>	<b>3,146,743</b>	<b>2,648,250</b>
In-kind food distributions	7,985,798	6,061,393	-	-	-	-	-	14,047,191	18,254,607
Depreciation	94,423	100,898	2,271	22,696	2,271	2,271	2,271	227,101	391,646
<b>Total functional expenses</b>	<b>\$ 8,872,590</b>	<b>\$ 6,714,640</b>	<b>\$ 339,047</b>	<b>\$ 190,497</b>	<b>\$ 529,689</b>	<b>\$ 302,221</b>	<b>\$ 472,351</b>	<b>\$ 17,421,035</b>	<b>\$ 21,294,503</b>

See Independent Auditors' Report