

YOLO FOOD BANK

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORTS
FOR THE YEAR ENDED JUNE 30, 2016**

YOLO FOOD BANK

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORTS FOR THE YEAR ENDED JUNE 30, 2016

TABLE OF CONTENTS

	Page
Independent Auditor's Report	3
Financial Statements	
Statement of Financial Position.....	5
Statement of Activities and Changes in Net Assets.....	6
Statement of Functional Expenses.....	7
Statement of Cash Flows.....	8
Notes to the Financial Statements.....	9
Schedule of Expenditures of Federal Awards	14
Independent Auditor' Report on Internal Control Over Financial Reporting Reporting and on Compliance and Other Matters Based on An Audit of Financial Statements Performed in Accordance with Government Auditing Standards	15
Independent Auditor's Report on Compliance for Each Major Program And on Internal Control Over Compliance Required by Uniform Guidance	16
Schedule of Findings and Questioned Costs	18

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of:
Yolo Food Bank

Report on the Financial Statements

I have audited the accompanying financial statements of Yolo Food Bank (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016, and 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit. I conducted the 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 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for the audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Yolo Food Bank as of June 30, 2016, 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

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 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 My opinion, the Schedule of Expenditures of Federal Awards 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, I have also issued my report dated March 27, 2017 on my consideration of Yolo Food Bank's internal control over financial reporting and on my tests 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 my 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 Yolo Food Bank's internal control over financial reporting and compliance.

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke, positioned above the printed name.

JOSEPH M. SKOWRON, CPA
Sacramento, California
March 27, 2017

YOLO FOOD BANK

STATEMENT OF FINANCIAL POSITION AS OF JUNE 30, 2016

ASSETS

	<u>2016</u>
Current Assets:	
Checking accounts	\$ 79,397
Saving accounts	358,542
Investment in CDs and securities	60,450
Grants and awards receivable	66,932
Inventory - YFB	449,837
Inventory - Commodities	713,865
Other Current Assets	<u>833</u>
Total Current Assets	<u>1,729,856</u>
Property and equipment at cost - less accumulated depreciation of \$414,688	 1,865,236
Total Assets	<u><u>\$ 3,595,092</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities:	
Accounts payable	\$ 62,310
Payroll payable	30,118
Accrued vacations	18,415
Deferred revenues	65,000
Short term portion of Mortgage Payable	34,959
Total Current Liabilities	<u>210,802</u>
Long Term Liabilities	
Loan Payable	115,377
Mortgage Payable	<u>817,387</u>
Total Long Term Liabilities	<u>932,764</u>
Total Liabilities	<u>1,143,566</u>
Net Assets:	
Unrestricted net assets	<u>2,451,525</u>
Total Net Assets	<u>2,451,525</u>
Total Liabilities and Net Assets	<u><u>\$ 3,595,092</u></u>

YOLO FOOD BANK

STATEMENT OF ACTIVITIES and CHANGES IN NET ASSETS FOR THE YEAR ENDED JUNE 30, 2016

	Unrestricted	Temporarily Restricted	Total
Support and Revenue:			
Grants and awards	\$ 484,959	\$ -	\$ 484,959
Grant commodities	-	72,525	72,525
Capital Campaign	-	363,382	363,382
Contributions	472,649	-	472,649
In-kind food donations	6,361,160	-	6,361,160
Fundraising	400,841	-	400,841
Food sales programs	110,695	-	110,695
Special Events	104,314	-	104,314
Gain on Sale of Assets	37,000	-	37,000
Interest and investment income	(551)	-	(551)
Miscellaneous income	-	-	-
Assets released from restrictions- satisfaction of program restrictions	435,907	(435,907)	-
Total Support and Revenue	\$ 8,406,974	\$ -	\$ 8,406,974
Expenses:			
Program Services	\$ 7,416,943	\$ -	\$ 7,416,943
Management & General	175,809	-	175,809
Fund-raising	172,535	-	172,535
Total Expenses	\$ 7,765,287	\$ -	\$ 7,765,287
Change in Net Assets	641,687	-	641,687
Net Assets June 30, 2015	1,809,839	-	1,809,839
Net Assets June 30, 2016	\$ 2,451,525	\$ -	\$ 2,451,525

YOLO FOOD BANK

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2016

	Program Services	Management & General	Fund- raising	Total
Personnel Expense:				
Salaries and wages	\$ 573,879	\$ 86,000	\$ -	\$ 659,879
Payroll taxes	53,361	7,996	-	61,357
Employee benefits	10,676	1,600	-	12,276
Worker comp. insurance	18,201	2,727	-	20,928
	\$ 656,117	\$ 98,323	\$ -	\$ 754,440
 Other Expenses:				
Food distributed	\$ 6,074,322	\$ -	\$ -	\$ 6,074,322
Program food purchases	209,891	-	-	209,891
Marketing	13,451	-	137,099	150,550
Contract labor	93,375	-	-	93,375
Transportation/equipment fuel	79,462	-	-	79,462
Depreciation	56,073	6,230	-	62,303
Occupancy	47,065	5,229	-	52,294
Mortgage interest and bank fees	-	40,021	-	40,021
Utilities	34,528	3,837	-	38,365
Capital Campaign Expense	-	-	35,436	35,436
Supplies	29,470	3,274	-	32,744
Printing and special events	26,608	2,956	-	29,564
Insurance	25,554	2,839	-	28,393
Furnishings and equipment	20,251	-	-	20,251
Maintenance and repairs	18,042	2,005	-	20,047
Professional services	4,253	8,257	-	12,510
Dues and subscriptions	10,894	1,210	-	12,104
Telephone	8,166	907	-	9,073
Staff development	6,493	721	-	7,214
License and permits	2,928	-	-	2,928
	\$ 6,760,826	\$ 77,486	\$ 172,535	\$ 7,010,847
 Total Expenses	\$ 7,416,943	\$ 175,809	\$ 172,535	\$ 7,765,287

YOLO FOOD BANK

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2016

Cash Flows From Operating Activities:

Cash received from	
Grants	\$ 557,484
Contributions and donations	836,031
Fundraising	400,841
Special events	215,009
Gain on sale of assets	37,000
Interest income	(551)
Cash paid to employees and suppliers	<u>(1,532,774)</u>
Net cash provided by operating activities	<u>513,040</u>

Cash Flows From Investing Activities

Purchases of fixed assets	(304,355)
Sales/Maturities of CDs and securities	<u>(9,427)</u>
Net cash used in investing activities	<u>(313,782)</u>

Cash Flows From Financing Activities:

Proceeds form loans originated	115,377
Mortgage Loan Payments	<u>(33,507)</u>
Net cash provided by financing activities	<u>81,870</u>

Net Increase in Cash

281,128

Cash June 30, 2014

156,811

Cash June 30, 2015

\$ 437,939

Reconciliation of Net Income to Net Cash

Provided/(Used) by Operating Activities:

Net Income	\$ 641,687
Adjustments to reconcile net income to net cash provided by operating activities	
Depreciation	62,303
(Increase) Decrease in:	
Investment in CDs and securities	(9,427)
Grants receivable	(10,307)
Other current assets	200
Inventories	(288,766)
Increase (Decrease) in:	
Accounts payable	52,998
Payroll payable	3,897
Accrued vacations	6,732
Deferred revenues	<u>53,723</u>
Net Cash Provided by Operating Activities	<u>\$ 513,040</u>

Supplemental disclosures

Cash paid for interest	\$ 37,001
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YOLO FOOD BANK
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

Note 1 - Significant Accounting Policies

Operations – the Food Bank is a nonprofit organization that collects, stores and distributes food and other products to charities serving the needy in Yolo County, California since 1970. The Food Bank is supported primarily through donor contributions and grants. It also receives funding from government grants and the USDA commodities program.

Method of Accounting - The financial statements of the Food Bank have been prepared on the accrual basis of accounting, reflecting all significant receivables, payables and other liabilities.

Basis of Presentation - Financial statements presentation follows the recommendation the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*. Under ASC 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets, unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Use of Estimates - The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Cash and Equivalents - The Food Bank considers all highly liquid temporary cash investments with maturities of three months or less to be cash equivalents for the purposes of the statement of financial position and statement of cash flows and represent fair value. The Food Bank had \$0 in excess of FDIC and other insured limits as of June 30, 2016. The Food Bank has not experienced any material losses in such accounts.

Contributions - The Food Bank's accounts for contributions in accordance with the recommendations of the Financial Accounting Standards Board in ASC 958-310-50-1, *Contributions Receivable*. In accordance with ASC 958-310-50-1, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions. Donor restricted contributions whose restrictions are met in the same fiscal year are reported as unrestricted contributions.

Property and Equipment - Use of restricted funds for property and equipment acquisitions are expensed in the year acquired. Additionally, items with a cost in excess of \$2,000 and donated assets with a fair market value in excess of \$2,000 are capitalized. Depreciation is computed on the straight-line method over the various economic lives of the assets. Property held by the Food Bank but for which the title reverts to the grantors

YOLO FOOD BANK
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

is treated as a grant expense in year acquired and not presented as property and equipment on the statement of financial position.

Income Tax - The Food Bank is exempt from Federal and State Franchise Taxes under section 501(c)(3) of the Internal Revenue Code and Section 23710(d) of the California Corporations code. It has been classified as an organization that is not a private foundation. Therefore, charitable contributions are tax deductible.

The Organization has recognized in the financial statements the effect of all tax positions and continually evaluates expiring statutes of limitations, audits, changes in tax law, and new authoritative rulings. The Organization is not aware of any circumstances or events that make it reasonably possible that any unrecognized tax benefits may increase or decrease within twelve months of the statement of financial position date. Penalties and interest assessed by taxing authorities are included in the Organization's expenses, if applicable. There were no interest or penalties paid during the fiscal year ending June 30, 2016.

The Organization files an exempt organization return in the federal jurisdiction and California state return.

Accrued Vacations - The Food Bank records a liability for the cost of unused employee benefits in the event of employee terminations. The amount available earned vacations at June 30, 2016 is \$18,415.

Expense Allocation - The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs benefitted.

Donated Services - A substantial number of volunteers have donated significant hours to the organization's programs and fund-raising campaigns during the year, however, these services are not reflected in the financial statements since the services do not require specialized skills.

Donated Food and Grocery Products - The Food Bank reports gifts of donated food and grocery products over which it has control as unrestricted public support and as an expense when distributed to local food closets, rescue organizations and kitchens. During the year ended June 30, 2016 the Food Bank received 3,741,444 pounds of donated products from national and local donors, valued at a composite price of \$1.70 is reflected in the accompanying statements of activities at \$6,361,160. The composite price is the estimated weighted average wholesale amount per pound.

YOLO FOOD BANK
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

Note 2 - Inventories

Inventories - Purchased inventories are stated at the lower of cost (first-in, first out method). Commodities and other donated inventories (national and local) are stated at the average composite wholesale value per pound of \$1.70. The composite price is the estimated weighted average wholesale amount per pound.

Inventories at June 30, 2016 consist of the following:

Donated food inventory	\$ 449,837
Commodities inventory	713,865
Total Inventory	<u>\$ 1,163,702</u>

Note 3 - Grants Receivable

Grants receivable represent reimbursements from the following sources for program costs incurred prior to June 30, 2016:

California Department of Social Services – EFAP	\$ 22,236
HHSA	17,965
Yolo County CSBG	15,918
DFAP	8,606
SEP	2,207
Total grants receivable	<u>\$ 66,932</u>

Note 4 - Disclosure About Fair Value of Financial Instruments

The following methods and assumptions were used to estimate the fair value of each class of financial instrument. The estimated fair value of the Food Bank’s financial instruments approximates the related carrying value except as indicated below:

- Cash and equivalents - The carrying value approximates fair value because of the short term nature of these instruments.
- Investments in CDs – The carrying value approximates fair value because of the short term nature of these instruments.
- Investments in Securities – The market value for these securities are based unadjusted quoted prices for identical assets in active markets accessible at the measurement date.
- Grants receivable and accounts payable - The carrying amounts of the accounts receivable and accounts payable approximates fair value based on prior actual results.

YOLO FOOD BANK
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

Note 5 - Property and Equipment

	Cost	Accumulated Depreciation	Book Value
Vehicles/transport equipment	\$ 304,355	\$30,141	\$ 274,214
Furniture and fixtures	4,750	3,732	1,018
Leasehold improvements	345,261	172,354	172,907
Machinery and equipment	310,016	208,461	101,555
Construction in progress – building	1,315,542		1,315,542
Total	\$2,279,924	\$414,688	\$1,865,236

Note 6 – Loan Payable

In July 2015 the Food Bank entered into a loan agreement with the Northern California Community Loan Fund for a total commitment of \$314,000. The loan has a 24 month term with an interest rate of 5.75%. Payments are interest only for the term of the loan with the principal and any interest due at the maturity of the loan. The loan has an \$35,000 reserve for interest to be held by the lender for the term of the loan to pay interim interest.

Note 7 – Mortgage Payable

In May 2013 the Food Bank purchased a building for \$1,265,000 which is secured by a mortgage in the amount of \$948,750. The loan has a 15 year term with a variable interest rate. Interest is calculated based on the weekly average yield on United States Treasury Securities adjusted to a constant maturity of five years plus a margin of 2.500%. The interest rate has a lifetime cap of 6.00% from the initial interest rate of 4.250%. Interest paid in for the year ended June 30, 2016 was \$38,393.

Total Mortgage Payable as of 6/30/2016	\$ 852,346
Current Portion	\$ 34,959
Long Term Portion	\$ 817,387

YOLO FOOD BANK
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

Note 8 - Lease commitments

The Food Bank, in March 2008, entered a ten (10) year non-cancelable lease which was modified in 2011 to a month to month lease for warehouse, public and office space at \$4,000 per month. Also the Food Bank leases a copier for a five (5) year lease at \$289 per month.

Future minimum lease commitments are as follows:

Year Ended June 30,	Amount
2017	\$ 3,473
2018	3,473
2019	3,473
2020	3,473
2021	2,605
Thereafter	-
Total future minimum lease payments	\$ 16,497

Note 8 - Comments and contingencies

The Food Bank has received federal, state and county funds for specific purposes that are subject to review by the grantor agencies. Although such audits could generate expense disallowances under the terms of the grants, it is believed that any required reimbursement will not be material.

Note 9 – Evaluation of Subsequent Events

The organization has evaluated subsequent events for recognition and disclosure in the financial statements through March 27, 2017, the date which the financial statements were available to be issued. Through March 27, 2017, no subsequent events required recognition or disclosure in the financial statements.

YOLO FOOD BANK

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS For the Year Ended June 30, 2016

	<u>Federal CFDA Number</u>	<u>Federal Revenues</u>	<u>Program Expenditures</u>
FEDERAL AWARDS:			
MAJOR PROGRAM:			
Passed through the California Department of Social Services:			
Commodities Emergency Food Assistance Programs	10.569	\$ 1,360,223	\$ 1,360,223
NON-MAJOR FEDERAL PROGRAMS:			
Passed through the County of Yolo Dept. of Employment and Social Services			
Community Service Block Grant	93.569	59,770	59,770
Passed through the California Department of Social Services			
EFAP Storage of Commodities	10.583	62,646	62,646
TOTAL FEDERAL AWARDS		<u>\$ 1,482,639</u>	<u>\$ 1,482,639</u>

This schedule has been prepared on the accrual basis of accounting. The risk-based approach was used to determine the major program.

JOSEPH M. SKOWRON, CPA

INDEPENDENT AUDITOR'S 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 of Yolo Food Bank
Woodland, California

I have audited, in accordance with the 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 Yolo Food Bank (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated June 30, 2016.

Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered Yolo Food Bank's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Yolo Food Bank's internal control. Accordingly, I do not express an opinion on the effectiveness of the Organization'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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. 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.

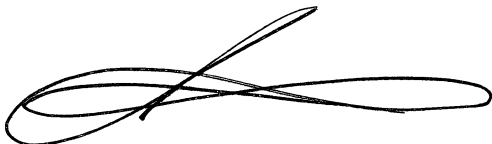
My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I 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 Yolo Food Bank's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my 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 my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Joseph M. Skowron
Certified Public Accountant
Sacramento, CA
March 27, 2017

JOSEPH M. SKOWRON, CPA

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE

To the Board of Directors of
Yolo Food Bank

Report on Compliance for Each Major Federal Program

I have audited Yolo Food Bank'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 Yolo Food Bank's major federal programs for the year ended June 30, 2016. Yolo Food Bank's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of Yolo Food Bank's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my 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 audit 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 I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Yolo Food Bank's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of Yolo Food Bank's compliance.

Opinion on Each Major Federal Program

In my opinion, Yolo Food Bank complied, in all material respects, with the types of 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, 2016.

Report on Internal Control over Compliance

Management of Yolo Food Bank is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered Yolo Food Bank's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal 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, I do not express an opinion on the effectiveness of Yolo Food Bank's internal control over compliance.

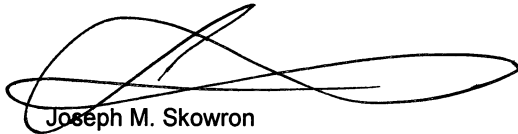
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE**
(Continued)

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 attention by those charged with governance.

My 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. I did not identify any deficiencies in internal control over compliance that I 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 My testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Joseph M. Skowron
Certified Public Accountant
Sacramento, CA
March 27, 2017

YOLO FOOD BANK

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2016

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditors report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness(es) identified?	_____ yes <input checked="" type="checkbox"/> no
Significant deficiency(ies) identified?	_____ yes <input checked="" type="checkbox"/> none reported
Noncompliance material to financial statements noted?	_____ yes <input checked="" type="checkbox"/> no

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	_____ yes <input checked="" type="checkbox"/> no
Significant deficiency(ies) identified?	_____ yes <input checked="" type="checkbox"/> none reported

Type of auditors report issued on compliance for major programs:	<u>Unmodified</u>
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Any audit findings disclosed that are required to be reported in the Uniform Guidance?	_____ yes <input checked="" type="checkbox"/> no
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Identification of major programs:

CFDA Number
10.569

Name of Federal Program or Cluster

Commodities Emergency Food Assistance Program

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
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Auditee qualified as low-risk auditee?	<input checked="" type="checkbox"/> yes _____ no
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State Awards

Internal control over major programs:	
Material weakness(es) identified?	_____ yes <input checked="" type="checkbox"/> no
Reportable condition(s) identified?	_____ yes <input checked="" type="checkbox"/> none reported

Type of auditors report issued on compliance for major programs:	<u>Unmodified</u>
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