

YOLO FOOD BANK

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORTS
FOR THE YEAR ENDED JUNE 30, 2017**

YOLO FOOD BANK

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORTS FOR THE YEAR ENDED JUNE 30, 2017

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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, 2017, 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, 2017, 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.

INDEPENDENT AUDITOR'S REPORT
(continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, I have also issued my report dated June 15, 2018 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.



JOSEPH M. SKOWRON, CPA
Sacramento, California
June 15, 2018

YOLO FOOD BANK

STATEMENT OF FINANCIAL POSITION AS OF JUNE 30, 2017

ASSETS

	<u>2017</u>
Current Assets:	
Checking accounts	\$ 80,028
Saving accounts	3,622,003
Investment in CDs and securities	363
Grants and awards receivable	45,572
Inventory - YFB	293,540
Inventory - Commodities	755,449
Other Current Assets	834
Total Current Assets	<u>4,797,789</u>
Property and equipment at cost -	
less accumulated depreciation of \$477,326	2,050,887
Total Assets	<u>\$ 6,848,676</u>

LIABILITIES AND NET ASSETS

Current Liabilities:	
Accounts payable	\$ 44,729
Payroll payable	33,855
Accrued vacations	41,270
Deferred revenues	77,568
Short term portion of Mortgage Payable	34,959
Total Current Liabilities	<u>232,381</u>
Long Term Liabilities	
Loan Payable	248,715
Mortgage Payable	782,418
Total Long Term Liabilities	<u>1,031,133</u>
Total Liabilities	<u>1,263,514</u>
Net Assets:	
Unrestricted net assets	5,585,162
Total Net Assets	<u>5,585,162</u>
Total Liabilities and Net Assets	<u>\$ 6,848,676</u>

YOLO FOOD BANK

STATEMENT OF ACTIVITIES and CHANGES IN NET ASSETS FOR THE YEAR ENDED JUNE 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and Revenue:			
Grants and awards	\$ 320,985	\$ -	\$ 320,985
Grant commodities	-	98,980	98,980
Capital Campaign	-	3,394,040	3,394,040
Contributions	531,412	-	531,412
In-kind food donations	6,609,854	-	6,609,854
Fundraising	460,997	-	460,997
Food sales programs	98,702	-	98,702
Special Events	110,716	-	110,716
Interest and investment income	1,439	-	1,439
Assets released from restrictions- satisfaction of program restrictions	3,493,020	(3,493,020)	-
 Total Support and Revenue	 \$ 11,627,125	 \$ -	 \$ 11,627,125
 Expenses:			
Program Services	\$ 8,186,671	\$ -	\$ 8,186,671
Management & General	180,173	-	180,173
Fund-raising	126,644	-	126,644
 Total Expenses	 \$ 8,493,488	 \$ -	 \$ 8,493,488
 Change in Net Assets	 3,133,637	 -	 3,133,637
 Net Assets June 30, 2016	 2,451,525	 -	 2,451,525
 Net Assets June 30, 2017	 \$ 5,585,162	 \$ -	 \$ 5,585,162

YOLO FOOD BANK

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2017

	Program Services	Management & General	Fund- raising	Total
Personnel Expense:				
Salaries and wages	\$ 674,398	\$ 86,000	\$ -	\$ 760,398
Payroll taxes	61,270	7,813	-	69,083
Employee benefits	13,114	1,672	-	14,786
Worker comp. insurance	18,423	2,349	-	20,772
	<u>\$ 767,205</u>	<u>\$ 97,834</u>	<u>\$ -</u>	<u>\$ 865,039</u>
Other Expenses:				
Food distributed	\$ 6,725,241	\$ -	\$ -	\$ 6,725,241
Program food purchases	204,288	-	-	204,288
Marketing	29,056	-	86,110	115,166
Contract labor	150,460	-	-	150,460
Transportation/equipment fuel	40,222	-	-	40,222
Depreciation	56,375	6,264	-	62,639
Occupancy	46,907	5,212	-	52,119
Mortgage interest and bank fees	-	38,666	-	38,666
Utilities	36,869	4,097	-	40,966
Capital Campaign Expense	-	-	40,534	40,534
Supplies	30,845	3,427	-	34,272
Printing and special events	29,796	3,311	-	33,107
Insurance	19,831	2,203	-	22,034
Maintenance and repairs	11,637	1,293	-	12,930
Professional services	7,527	14,612	-	22,139
Dues and subscriptions	12,180	1,353	-	13,533
Telephone	8,570	952	-	9,522
Staff development	8,541	949	-	9,490
License and permits	1,121	-	-	1,121
	<u>\$ 7,419,466</u>	<u>\$ 82,339</u>	<u>\$ 126,644</u>	<u>\$ 7,628,449</u>
Total Expenses	<u>\$ 8,186,671</u>	<u>\$ 180,173</u>	<u>\$ 126,644</u>	<u>\$ 8,493,488</u>

YOLO FOOD BANK

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2017

Cash Flows From Operating Activities:	
Cash received from	
Grants	\$ 419,965
Contributions and donations	10,535,306
Fundraising	460,997
Special events	209,418
Interest income	1,439
Cash paid to employees and suppliers	<u>(8,273,198)</u>
Net cash provided by operating activities	<u>3,353,927</u>
Cash Flows From Investing Activities	
Purchases of fixed assets	(248,291)
Sales/Maturities of CDs and securities	<u>60,087</u>
Net cash used in investing activities	<u>(188,204)</u>
Cash Flows From Financing Activities:	
Proceeds form loans originated	133,338
Mortgage Loan Payments	<u>(34,969)</u>
Net cash provided by financing activities	<u>98,369</u>
Net Increase in Cash	<u>3,264,092</u>
Cash June 30, 2016	437,939
Cash June 30, 2017	<u>\$ 3,702,031</u>
Reconciliation of Net Income to Net Cash	
Provided/(Used) by Operating Activities:	
Net Income	\$ 3,133,637
Adjustments to reconcile net income to net cash provided by operating activities	
Depreciation	62,639
(Increase) Decrease in:	
Grants receivable	21,360
Inventories	114,713
Increase (Decrease) in:	
Accounts payable	(17,582)
Payroll payable	3,737
Accrued vacations	22,855
Deferred revenues	12,568
Net Cash Provided by Operating Activities	<u>\$ 3,353,927</u>
Supplemental disclosures	
Cash paid for interest	\$ 35,549

YOLO FOOD BANK
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

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 approximately \$3.7 million in excess of FDIC and other insured limits as of June 30, 2017. 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

YOLO FOOD BANK
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

the assets. Property held by the Food Bank but for which the title reverts to the grantors 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, 2017.

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, 2017 is \$41,270.

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, 2017 the Food Bank received 3,820,725 pounds of donated products from national and local donors, valued at a composite price of \$1.73 is reflected in the accompanying statements of activities at \$6,609,854. The composite price is the estimated weighted average wholesale amount per pound.

YOLO FOOD BANK
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

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 \$1.73. The composite price is the estimated weighted average wholesale amount per pound.

Inventories at June 30, 2017 consist of the following:

Donated food inventory	\$ 293,540
Commodities inventory	755,449
Total Inventory	<u>\$ 1,048,989</u>

Note 3 - Grants Receivable

Grants receivable represent reimbursements from the following sources for program costs incurred prior to June 30, 2017:

California Department of Social Services – EFAP	\$ 27,128
Yolo County CSBG	180
United Way	1,223
Other	17,041
Total grants receivable	<u>\$ 45,572</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, 2017

Note 5 - Property and Equipment

	Cost	Accumulated Depreciation	Book Value
Vehicles/transport equipment	\$ 304,354	\$ 68,692	\$ 235,662
Furniture and fixtures	4,750	3,732	1,018
Leasehold improvements	345,261	186,913	158,348
Machinery and equipment	330,042	217,989	112,053
Construction in progress – building	1,543,806	-	1,543,806
Total	\$ 2,528,213	\$ 477,326	\$ 2,050,887

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, 2017 was \$38,666.

Total Mortgage Payable as of 6/30/2017	\$ 817,377
Current Portion	\$ 34,959
Long Term Portion	\$ 782,418

YOLO FOOD BANK
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

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
2018	\$ 3,473
2019	3,473
2020	3,473
2021	2,605
2022	-
Thereafter	-
Total future minimum lease payments	\$ 13,024

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 June 15, 2018, the date which the financial statements were available to be issued. Through June 15, 2018, 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, 2017

	<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	\$ 1,144,066	\$ 1,144,066
NON-MAJOR FEDERAL PROGRAMS:			
Passed through the County of Yolo Dept. of Employment and Social Services			
Community Service Block Grant	93.569	56,158	56,158
Passed through the California Department of Social Services			
EFAP Storage of Commodities	10.583	20,907	20,907
Passed through the Regional Emergency Food and Shelter Program			
FEMA Phase 30	97.024	17,242	17,242
TOTAL FEDERAL AWARDS		<u><u>\$ 1,238,373</u></u>	<u><u>\$ 1,238,373</u></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, 2017, 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 15, 2018.

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
June 15, 2018

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, 2017. 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, 2017.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2017-001. Our opinion on each major federal program is not modified with respect to these matters.

Yolo Food Bank's response to the noncompliance findings identified in my audit are described in the accompanying schedule of findings and questioned costs. Yolo Food Bank's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, I express no opinion on the response.

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.


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

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 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, I identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2017-001 that I consider to be significant deficiencies.

Yolo Food Bank's response to the internal control over compliance findings identified in my audit are described in the accompanying schedule of findings and questioned costs. Yolo Food Bank's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, I express no opinion on the response.

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
June 15, 2018

YOLO FOOD BANK

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2017

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditors report issued: Unmodified
Internal control over financial reporting:
Material weakness(es) identified? yes ✓ no
Significant deficiency(ies) identified? ✓ yes none reported
Noncompliance material to financial statements noted? yes ✓ no

Federal Awards

Internal control over major programs:
Material weakness(es) identified? yes ✓ no
Significant deficiency(ies) identified? ✓ yes none reported

Type of auditors report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in the Uniform Guidance? ✓ yes no

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

Auditee qualified as low-risk auditee? ✓ yes no

State Awards

Internal control over major programs:
Material weakness(es) identified? yes ✓ no
Reportable condition(s) identified? yes ✓ none reported

Type of auditors report issued on compliance for major programs: Unmodified

YOLO FOOD BANK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2017

SECTION II – FINANCIAL STATEMENT FINDINGS

2017-001 – Audit Report Submission

Criteria: Uniform Guidance, audits of states, local governments, and nonprofit organizations. The audit shall be completed and the data collection form and reporting package shall be submitted within the earlier of 30 days after receipts of the auditor's report(s), or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for the audit.

Condition: This is a current year finding. The Organization is on a June 30 fiscal year end which results in a March 31 due date. Due to the sudden departure of the bookkeeper, late in the fiscal year, the organization scrambled to identify suitable replacements.

Context: The individuals identified had the requisite experience, however the prior accounting personnel left the records in a state of disarray requiring a great deal of time and effort to recreate the records and re-establish strong processes.

Effect: The Organization was not in compliance with the Uniform Guidance.

Cause: Due to the sudden departure of the bookkeeper, late in the fiscal, year the organization scrambled to identify suitable replacements. The books were not ready for audit in a time frame that allowed adequate time to perform the audit by the Organization's due date of March 31, 2018.

Recommendation: The Organization hire competent accounting staff and implement effective controls and monitoring over the financial reporting process to ensure all required reports are accurate and submitted in a timely manner. The audit should be completed as soon as possible and filed as required.

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SECTION II – FINANCIAL STATEMENT FINDINGS

2017-001 – Audit Report Submission- Management Response

Views of responsible officials and planned corrective actions: The Organization has hired the necessary personnel who are diligently working through and establishing the necessary processes and controls. We believe this to be an isolated instance and with current staffing, is not expected to occur in the future.