

**YOLO FOOD BANK**

**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITOR'S REPORTS  
FOR THE YEAR ENDED JUNE 30, 2018**

# YOLO FOOD BANK

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JOSEPH M. SKOWRON, CPA  
225 30<sup>TH</sup> STREET, SUITE 301  
SACRAMENTO, CA 95816  
916-498-1040  
joe.skowron@gmail.com

## 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, 2018, 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, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Other Matters*

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 basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In 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 December 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  
December 15, 2018

# YOLO FOOD BANK

## STATEMENT OF FINANCIAL POSITION AS OF JUNE 30, 2018

### ASSETS

	<u>2018</u>
Current Assets:	
Cash and cash equivalents	\$ 2,999,152
Investment in CDs and securities	363
Grants and awards receivable	90,288
Inventory	1,076,680
Other current assets	833
Total Current Assets	<u>4,167,316</u>
Property and equipment at cost - less accumulated depreciation	2,137,272
Total Assets	<u>\$ 6,304,588</u>

### LIABILITIES AND NET ASSETS

Current Liabilities:	
Accounts payable	\$ 44,212
Payroll payable	44,923
Accrued vacations	48,903
Deferred revenues	62,063
Short term portion of mortgage payable	36,474
Total Current Liabilities	<u>236,575</u>
Long Term Liabilities	
Loan payable	248,715
Mortgage payable	744,428
Total Long Term Liabilities	<u>993,143</u>
Total Liabilities	<u>1,229,718</u>
Net Assets:	
Unrestricted net assets	<u>5,074,870</u>
Total Net Assets	<u>5,074,870</u>
Total Liabilities and Net Assets	<u>\$ 6,304,588</u>

# YOLO FOOD BANK

## STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS FOR THE YEAR ENDED JUNE 30, 2018

	Unrestricted	Temporarily Restricted	Total
<b>Support and Revenue:</b>			
Grants and awards	\$ 309,132	\$ -	\$ 309,132
Grant commodities	-	146,788	146,788
Capital Campaign	-	350,561	350,561
Contributions	572,935	-	572,935
In-kind food donations	5,912,607	-	5,912,607
Fundraising	397,545	-	397,545
Food sales programs	316,028	-	316,028
Special Events	80,349	-	80,349
Interest and investment income	4,630	-	4,630
Miscellaneous income	17	-	17
Assets released from restrictions- satisfaction of program restrictions	497,349	(497,349)	-
<b>Total Support and Revenue</b>	<b>\$ 8,090,592</b>	<b>\$ -</b>	<b>\$ 8,090,592</b>
<b>Expenses:</b>			
Program Services	\$ 7,876,779	\$ -	\$ 7,876,779
Management & General	195,240	-	195,240
Fund-raising	528,865	-	528,865
<b>Total Expenses</b>	<b>\$ 8,600,884</b>	<b>\$ -</b>	<b>\$ 8,600,884</b>
<b>Change in Net Assets</b>	<b>(510,292)</b>	<b>-</b>	<b>(510,292)</b>
<b>Net Assets June 30, 2017</b>	<b>5,585,162</b>	<b>-</b>	<b>5,585,162</b>
<b>Net Assets June 30, 2018</b>	<b>\$ 5,074,870</b>	<b>\$ -</b>	<b>\$ 5,074,870</b>

# YOLO FOOD BANK

## STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2018

	Program Services	Management & General	Fund- raising	Total
<b>Personnel Expense:</b>				
Salaries and wages	\$ 789,795	\$ 86,000	\$ -	\$ 875,795
Payroll taxes	69,661	7,585	-	77,246
Employee benefits	21,989	2,394	-	24,383
Workers compensation insurance	38,315	4,172	-	42,487
<b>Total Personnel Expense</b>	<b>\$ 919,760</b>	<b>\$ 100,151</b>	<b>\$ -</b>	<b>\$ 1,019,911</b>
<b>Other Expenses:</b>				
Food donations	\$ 5,821,125	\$ -	\$ -	\$ 5,821,125
Program food purchases	522,089	-	-	522,089
Marketing	30,553	-	86,110	116,663
Occupancy	88,794	9,866	-	98,660
Contract labor	105,896	-	-	105,896
Mortgage interest and bank fees	-	36,652	-	36,652
Transportation/equipment fuel	50,017	-	-	50,017
Utilities	43,134	4,793	-	47,927
Supplies and equipment	57,199	6,355	-	63,554
Printing and special events	28,429	3,159	-	31,588
Insurance	32,827	3,647	-	36,474
Maintenance and repairs	25,123	2,792	-	27,915
Depreciation	54,567	6,063	-	60,630
Capital campaign expense	-	-	442,755	442,755
License and permits	50,472	-	-	50,472
Dues and subscriptions	15,504	1,723	-	17,227
Professional services	9,050	17,568	-	26,618
Telephone	13,098	1,455	-	14,553
Staff development	9,142	1,016	-	10,158
	<b>\$ 6,957,019</b>	<b>\$ 95,089</b>	<b>\$ 528,865</b>	<b>\$ 7,580,973</b>
<b>Total Expenses</b>	<b>\$ 7,876,779</b>	<b>\$ 195,240</b>	<b>\$ 528,865</b>	<b>\$ 8,600,884</b>

# YOLO FOOD BANK

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2018

### Cash Flows From Operating Activities:

Cash received from	
Grants and awards	\$ 309,132
Grant commodities	146,788
Capital Campaign	350,561
Contributions	572,935
In-kind food donations	5,912,607
Fundraising	397,545
Food sales programs	316,028
Special Events	80,349
Interest and investment income	4,630
Miscellaneous income	17
Cash paid to employees and suppliers	(8,609,981)
Net cash used in operating activities	<u>(519,389)</u>

### Cash Flows From Investing Activities

Fixed Asset Purchases	(147,015)
Net cash used in investing activities	<u>(147,015)</u>

### Cash Flows From Financing Activities:

Mortgage Loan Payments	(36,475)
Net cash used in financing activities	<u>(36,475)</u>

### Net Decrease in Cash

(702,879)

Cash June 30, 2017

3,702,031

Cash June 30, 2018

\$ 2,999,152

### Reconciliation of Net Loss to Net Cash

Used in Operating Activities:

Net Loss	\$ (510,292)
Adjustments to reconcile net income to net cash provided by operating activities	
Depreciation	60,630
(Increase)/Decrease in:	
Grants receivable	(44,716)
Inventories	(27,691)
Increase/(Decrease) in:	
Accounts payable	(516)
Payroll payable	11,068
Accrued vacations	7,633
Deferred revenues	(15,505)
Net Cash Used in Operating Activities	<u>\$ (519,389)</u>



**YOLO FOOD BANK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**Note 1 - Significant Accounting Policies**

**Organization** – the Yolo Food Bank (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** – The financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP).

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as unrestricted, or temporarily restricted. Further explanation is as follows:

*Unrestricted* – Net assets that are not subject to donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes by action of the board of trustees.

*Temporarily Restricted* – Net assets whose use by the Organization is subject to donor-imposed restrictions that can be fulfilled by actions of the Organization pursuant to those restrictions or that expire by the passage of time.

Revenues are reported as increases in unrestricted net assets unless use of the revenue is restricted by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investment and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is defined by donor-imposed restrictions.

Temporarily restricted net assets for which donor-imposed restrictions are met in the current period are reclassified to unrestricted net assets and reported as net assets released from restrictions.

Periodically donor restrictions related to net assets may be clarified or changed, such changes are reflected as fund transfers at the time they are identified.

**Use of Estimates** - The presentation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and

**YOLO FOOD BANK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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 \$2.7 million in excess of FDIC and other insured limits as of June 30, 2018. 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 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 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, 2018.

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

**YOLO FOOD BANK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**Accrued Vacations** - The Food Bank records a liability for the cost of unused employee benefits in the event of employee terminations. The amount of available earned vacations at June 30, 2018 is \$48,903.

**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, 2018 the Food Bank received 3,364,812 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 \$5,821,125. The composite price is the estimated weighted average wholesale amount per pound.

**Deferred Revenues** - The Food Bank records cash received for future services as deferred revenue. This revenue is recognized when services are provided. Deferred revenue consists primarily of unearned donations.

**Note 2 - Inventories**

**Inventories** - Purchased inventories are stated at the lower of cost (first-in, first out method) or market. Commodities and other donated inventories (national and local) are stated at the average composite wholesale value of \$1.73 per pound. The composite price is the estimated weighted average wholesale amount per pound.

Inventories at June 30, 2018 consist of the following:

Donated food inventory	\$ 497,833
Commodities inventory	544,517
Purchased inventory	34,330
Total Inventory	<u>\$ 1,076,680</u>

**YOLO FOOD BANK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**Note 3 - Grants Receivable**

Grants receivable represent reimbursements from the following sources for program costs incurred prior to June 30, 2018:

California Department of Social Services – EFAP	\$ 80,784
Yolo County CSBG	1,734
Other	7,770
Total grants receivable	<u>\$ 90,288</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.

**Note 5 - Property and Equipment**

	Cost	Accumulated Depreciation	Book Value
Vehicles/transportation equipment	\$ 329,114	\$ 111,479	\$ 217,635
Furniture and fixtures	6,108	5,090	1,018
Leasehold improvements	435,243	231,563	203,680
Machinery and equipment	230,622	189,824	40,798
Construction in progress – building	1,674,141	-	1,674,141
Total	<u>\$ 2,675,228</u>	<u>\$ 537,956</u>	<u>\$ 2,137,272</u>

Depreciation expense was \$60,630 for the year ended June 30, 2018.

**YOLO FOOD BANK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**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 2.50%. The interest rate has a lifetime cap of 6.00% from the initial interest rate of 4.25%. Interest paid for the year ended June 30, 2018 was \$34,033.

Current Portion	\$ 36,474
Long Term Portion	<u>744,428</u>
 Total Mortgage Payable as of 6/30/2018	 <u><u>\$ 780,902</u></u>

**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. In April 2016, the Food Bank leased a copier for a five (5) year term at \$289 per month. Rental expense for this lease was \$3,468.

Future minimum lease commitments are as follows:

Year Ended June 30,	Amount
2019	\$ 3,473
2020	3,473
2021	2,605
2022	-
2023	-
Thereafter	-
Total future minimum lease payments	<u><u>\$ 9,551</u></u>

**YOLO FOOD BANK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**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 December 15, 2018, the date which the financial statements were available to be issued. Through December 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, 2018

	Federal CFDA Number	Federal Revenues	Program Expenditures
<b>FEDERAL AWARDS:</b>			
MAJOR PROGRAM:			
Passed through the California Department of Social Services:			
Commodities Emergency Food Assistance Programs	10.569	\$ 1,194,118	\$ 1,194,118
NON-MAJOR FEDERAL PROGRAMS:			
Passed through the County of Yolo Dept. of Employment and Social Services			
Community Service Block Grant	93.569	48,508	48,508
Passed through the California Department of Social Services			
EFAP Storage of Commodities	10.583	152,939	152,939
Passed through the Regional Emergency Food and Shelter Program			
FEMA Phase 30	97.024	17,945	17,945
<b>TOTAL FEDERAL AWARDS</b>		<b>\$ 1,413,510</b>	<b>\$ 1,413,510</b>

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, 2018, 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 December 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, CPA  
Sacramento, CA  
December 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, 2018. 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, 2018.

**Report on Internal Control over Compliance**

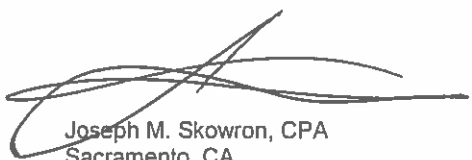
Management of Yolo Food Bank is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered Yolo Food Bank's internal control over compliance with the 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 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.

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

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.

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, CPA  
Sacramento, CA  
December 15, 2018

**YOLO FOOD BANK**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2018**

**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"/> none reported

**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>
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 of the Uniform Guidance?	<input checked="" type="checkbox"/> 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
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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>

YOLO FOOD BANK  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
June 30, 2018

**SECTION II – FINANCIAL STATEMENT FINDINGS**

NONE

YOLO FOOD BANK  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
June 30, 2018

**SECTION III – SCHEDULE OF PRIOR YEAR**

**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 the 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.

**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.