



MENDOCINO FOOD AND NUTRITION PROGRAM, INC

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2012

Wendy S. Boise, CPA



P.O. Box 2898 ♦ 325 E. Redwood ♦ Fort Bragg, CA 95437
Phone 707-964-0105 ♦ Fax 707-964-3706 ♦ Email wboise@mcn.org

To the Board of Directors of
Mendocino Food and Nutrition Program, Inc.

I have audited the accompanying statements of financial position of Mendocino Food and Nutrition Program, Inc. (a nonprofit organization) as of December 31, 2011 and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Mendocino Food and Nutrition Program, Inc. as of December 31, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

My audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule of functional expenses on page 6 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Fort Bragg, California
August 13, 2012

**MENDOCINO FOOD AND NUTRITION PROGRAM, INC.
AUDITED FINANCIAL STATEMENTS**

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT.....	1
STATEMENT OF FINANCIAL POSITION.....	2
STATEMENT OF ACTIVITIES.....	3
STATEMENT OF CASH FLOWS.....	4
STATEMENT OF FUNCTIONAL EXPENSES.....	5
NOTES TO FINANCIAL STATEMENTS.....	6

MENDOCINO FOOD AND NUTRITION PROGRAM, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2011

ASSETS

Current Assets

Cash and cash equivalents	\$ 261,996	
Gift account	3,284	
Receivables	3,248	
Inventory	83,001	
Prepaid expenses	-	
Total current assets	\$ 351,530	

Fixed assets

Property & equipment	597,284	
Less accumulated depreciation	(260,931)	
Property & equipment, net	336,353	

Total Assets \$ 687,882

LIABILITIES

Liabilities

Accounts payable	\$ 3,747	
Accrued payroll tax & employee benefits	3,318	
Total liabilities	\$ 7,066	

NET ASSETS

Unrestricted	543,115	
Temporarily restricted	86,701	
Reserved	51,000	
Total net assets	680,817	

Total liabilities & net assets \$ 687,882

MENDOCINO FOOD AND NUTRITION PROGRAM, INC.
STATEMENT OF ACTIVITIES
DECEMBER 31, 2011

Unrestricted net assets			
Public support, Revenues and Reclassifications			
Special events			
Income	201		
Expenses	<u>(193)</u>		
Special events - net		8	
Donations, including grants & subsidies			
Total donations	1,723,935		
Less restricted donations	<u>(1,328,487)</u>		
Total unrestricted donations		395,448	
Other fundraising activities		10,267	
Interest income		<u>606</u>	
Total unrestricted support			406,329
Net assets released from restriction			<u>1,353,878</u>
Total unrestricted support and reclassifications			1,760,207
Expenses and Losses			
Supporting services			
Payroll expenses		155,149	
Fundraising		8,011	
General & administrative		55,783	
Less costs allocated to program		<u>(158,478)</u>	
Total support services			60,465
Program services			
Distributions of food, etc		1,394,884	
Other direct and allocated program costs		<u>183,685</u>	
Total program costs			<u>1,639,035</u>
Total expenses and losses			1,699,500
Increase in unrestricted net assets			121,172
Temporarily restricted net assets			
Restricted donations and reclassifications		1,328,487	
Net assets released from restrictions		<u>(1,353,878)</u>	
Increase in temporarily restricted net assets			<u>(25,391)</u>
Total increase in net assets			95,781
Beginning net assets - January 1, 2011			585,036
Prior period adjustment			-
Net assets at December 31, 2011			<u><u>680,817</u></u>

MENDOCINO FOOD AND NUTRITION PROGRAM, INC.
STATEMENT OF CASH FLOWS
DECEMBER 31, 2011

Operating Activities

Increase in net assets		\$ 95,781
Adjustments to reconcile increase in net assets to cash provided (used) by operating activities:		
Depreciation		9,755
(Increase) decrease in:		
Inventory		16,556
Receivables		5,243
Increase (decrease) in:		
Accounts payable		(632)
Other current liabilities		(17,798)
Net investment return		(606)
Net non-cash items affecting net assets		15,891
Net cash provided (used) by operating activities		<u>124,190</u>

Investing Activities

Equipment purchased		(94,460)
Realized investment income		606
Maturities, reinvestments and reclassifications		-
Net cash provided (used) by investing activities		<u>(93,854)</u>

Net change in cash and cash equivalents		30,336
Cash and cash equivalents as of 1/1/2011		231,660
Cash and cash equivalents as of 12/31/2011		<u>\$ 261,996</u>

MENDOCINO FOOD AND NUTRITION PROGRAM, INC.
 STATEMENT OF FUNCTIONAL EXPENSES
 DECEMBER 31, 2011

Payroll expenses			
Wages	\$ 120,318		
Payroll taxes and employee benefits	34,831		
Total payroll expenses	\$ 155,149		
Fundraising expenses			
Newsletter	\$ 8,011		
Other	-		
Total fundraising expenses	8,011		
General and administrative expenses			
Utilities	\$ 22,831		
Office	4,756		
Warehouse	4,874		
Insurance	6,878		
Accounting/auditing	7,035		
Other	9,408		
Total general & administrative expenses	55,782		
Less allocations to program costs		(158,478)	
Total functional expenses		\$ 60,465	

MENDOCINO FOOD AND NUTRITION PROGRAM, INC.
Notes to Financial Statements
December 31, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

The Mendocino Food and Nutrition Program, Inc. (the Food Bank) was formed in California in 1979 to provide outreach, education and accessibility to food and nutrition programs in Mendocino and Lake Counties. The Articles of Incorporation were amended in 1988 to remove Lake County from their sphere and also to more appropriately focus their charitable mission of the distribution of nutritional foods to those in need, as well as education and other outreach services.

The Food Bank is responsible for the distribution and oversight of various food distribution programs throughout Mendocino County. People served at the local site averaged just under 1,700 per month with an additional 2,400 served per month at sub-sites around the county. A monthly average of, approximately, 10,800 meals were served at soup kitchens throughout the county.

The Food Bank is a nonprofit organization as described in Section 501 (c) (3) of the Internal Revenue Code and is exempt from federal and state income taxes.

Public Support and Revenue

Annual campaign contributions are generally available for unrestricted use in the related campaign year unless specifically restricted by the donor.

Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When donor restrictions expire, that is, when a stipulated time restriction and/or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of net assets as net assets released from restrictions. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as unrestricted contributions.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management's estimates. The most significant of these estimates surrounds the valuation of food and is discussed further in Note 2.

Cash and Cash Equivalents

The Food Bank considers all highly liquid investments with initial maturity of three months or less when acquired to be cash equivalents.

NOTE 2: INVENTORIES

For USDA contributions of food, the Food Bank is provided with wholesale values. For other donations the Food Bank follows nationwide standards for valuing its inventory first by pounds and then assigning a widely accepted value per pound to it. As such it uses an amount based on the standard established by Feeding America (formerly America's Second Harvest, Inc). The Food Bank currently uses \$1.60 per pound to value non-USDA food. The Food Bank keeps very detailed records of the pounds of food received and in inventory.

NOTE 3: PROPERTY, FURNITURE AND EQUIPMENT

The following is a summary of property, furniture and equipment as of December 31, 2011:

Land and building	\$	360,298
Vehicles		86,213
Furniture and equipment		<u>150,773</u>
		597,284
Less accumulated depreciation		<u>(260,931)</u>
Total	\$	<u>336,353</u>

Depreciation is deducted, straight line, over the estimated useful life of the assets. Donated assets are recorded at their estimated values when received. Analyses of the assets, historical records, and actual receipts, have all contributed to establishing the value of property and equipment.

NOTE 4: TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of food that has been received but not yet distributed, a gift account set up at a local supermarket, and the unexpended portion of a grant from Vitamin Cases Consumer Settlement Fund of \$416. The "Vitamin Grant" was \$90,000 distributed over 36 months as each portion was expended and approved. This grant ended in 2011.

NOTE 5: DONATED SERVICES

The Food Bank receives a significant amount of donated services from unpaid volunteers who assist in fund-raising and program services. No amounts have been recognized in the statements of activities because the criteria for recognition under Statements on Financial Accounting Standards No. 116 have not been met. The Food Bank does, however, record the number of hours volunteered and assigns a value of \$9/hr as a reasonable standard for what the equivalent services would cost. For the year ended December 31, 2011, the number of volunteer hours recorded was 12,193 for an estimated value of \$109,737.