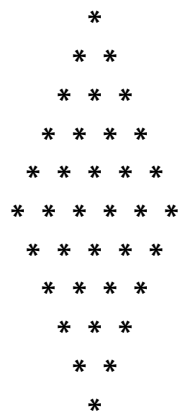


AUDITED FINANCIAL STATEMENTS

**THE FOOD BANK FOR CENTRAL AND
NORTHEAST MISSOURI, INC.**

**FOR THE YEARS ENDED
DECEMBER 31, 2017 AND 2016**



BEARD-BOEHMER & ASSOCIATES, PC
CERTIFIED PUBLIC ACCOUNTANTS
COLUMBIA, MISSOURI

**THE FOOD BANK FOR CENTRAL AND NORTHEAST MISSOURI, INC.
COLUMBIA, MISSOURI
TABLE OF CONTENTS**

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT	1 - 2
FINANCIAL STATEMENTS:	
Statements of Financial Position.....	3
Statement of Activities	
For The Year Ended December 31, 2017	4
For The Year Ended December 31, 2016	5
Statement of Functional Expenses	
For The Year Ended December 31, 2017	6
For The Year Ended December 31, 2016	7
Statements of Cash Flows	8
NOTES TO FINANCIAL STATEMENTS	9 - 17
SUPPLEMENTARY INFORMATION:	
Schedule of Expenditures of Federal Awards	19
Notes to Schedule of Expenditures of Federal Awards	20
 AUDITORS' REPORTS PURSUANT TO <i>GOVERNMENTAL AUDITING STANDARDS</i> 	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	21 - 22
Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.....	23 - 24
Schedule of Findings and Questioned Costs.....	25
Summary Schedule of Prior Audit Findings	26

August 28, 2018

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
The Food Bank for Central and Northeast Missouri, Inc.
Columbia, MO

Report on the Financial Statements

We have audited the accompanying financial statements of The Food Bank for Central and Northeast Missouri, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017 and 2016, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

INDEPENDENT AUDITORS' REPORT
THE FOOD BANK FOR CENTRAL AND NORTHEAST MISSOURI, INC.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Food Bank for Central and Northeast Missouri, Inc. as of December 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 28, 2018, on our consideration of The Food Bank for Central and Northeast Missouri, Inc.'s internal control over financial reporting and on our 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 our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 The Food Bank for Central and Northeast Missouri, Inc.'s internal control over financial reporting and compliance.

Beard-Boehmer & Associates, PC

Beard-Boehmer & Associates, PC
Columbia, MO

THE FOOD BANK FOR CENTRAL AND NORTHEAST MISSOURI, INC.
STATEMENT OF FINANCIAL POSITION
YEAR ENDED DECEMBER 31, 2017 AND 2016

ASSETS

	<u>2017</u>	<u>2016</u>
Cash and cash equivalents	\$ 1,071,291	\$ 1,046,905
Investments	2,634,203	2,000,000
Pledged contributions and other receivables, net	180,180	351,928
Grants receivable	1,174,097	1,123,944
Unconditional promises to give	155,702	147,264
Inventory	2,860,320	3,037,282
Prepaid expense	56,533	89,608
Fixed assets, net of accumulated depreciation	<u>6,431,984</u>	<u>6,483,074</u>
TOTAL ASSETS	\$ <u>14,564,310</u>	\$ <u>14,280,005</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable	\$ 434,394	\$ 377,657
Accrued payroll	41,516	39,455
Accrued employee benefits	<u>114,744</u>	<u>114,959</u>
TOTAL LIABILITIES	\$ <u>590,654</u>	\$ <u>532,071</u>

NET ASSETS

Unrestricted net assets-		
Board designated endowment -		
Board designated unrestricted	\$ 1,130,822	\$ 708,000
Board designated operating reserves	1,503,381	1,292,000
Undesignated	<u>10,680,734</u>	<u>10,984,993</u>
Total unrestricted	<u>13,314,937</u>	<u>12,984,993</u>
Temporarily restricted	<u>658,719</u>	<u>762,941</u>
TOTAL NET ASSETS	\$ <u>13,973,656</u>	\$ <u>13,747,934</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>14,564,310</u>	\$ <u>14,280,005</u>

**THE ACCOMPANYING NOTES ARE AN
INTEGRAL PART OF THESE FINANCIAL STATEMENTS**

THE FOOD BANK FOR CENTRAL AND NORTHEAST MISSOURI, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017
(WITH SUMMARIZED TOTALS FOR THE YEAR ENDED DECEMBER 31, 2016)

	2017				2016
	Unrestricted		Temporarily	Total	Total
	General Operations	Food Distribution	Restricted		
SUPPORT AND REVENUES					
Food donations	\$ -	\$ 51,457,139	\$ -	\$ 51,457,139	\$ 53,851,743
Contributions, bequests and donations	2,521,343	-	644,714	3,166,057	3,514,592
Operational grants	315,641	-	154,165	469,806	675,038
United Way grants	57,984	-	148,744	206,728	279,118
Governmental grants and support	2,678,697	-	-	2,678,697	2,568,309
Investment income	194,515	-	-	194,515	5,720
Rental income	10,492	-	-	10,492	11,742
In-kind	637,378	-	-	637,378	549,941
Gain on disposal of fixed assets	8,092	-	-	8,092	3,950
Miscellaneous revenues	50,879	-	-	50,879	37,458
Net assets released from restrictions-					
Expiration of time	911,539	-	(911,539)	-	-
Expiration of purpose	140,306	-	(140,306)	-	-
 Total Support and Revenues	 \$ 7,526,866	 \$ 51,457,139	 \$ (104,222)	 \$ 58,879,783	 \$ 61,497,611
 EXPENSES					
Program Services-					
Food Distribution	\$ 3,752,871	\$ 51,634,101	\$ -	\$ 55,386,972	\$ 57,154,923
Food Pantry	430,214	-	-	430,214	288,016
Children's Programs	741,038	-	-	741,038	653,655
Total Program Services	4,924,123	51,634,101	-	56,558,224	58,096,594
Administration	752,609	-	-	752,609	715,901
Fundraising	1,343,228	-	-	1,343,228	1,179,668
 Total Expenses	 \$ 7,019,960	 \$ 51,634,101	 \$ -	 \$ 58,654,061	 \$ 59,992,163
 Change in net assets	 506,906	 (176,962)	 (104,222)	 225,722	 1,505,448
Net assets, beginning	\$ 9,947,711	\$ 3,037,282	\$ 762,941	\$ 13,747,934	\$ 12,242,486
Net assets, ending	\$ 10,454,617	\$ 2,860,320	\$ 658,719	\$ 13,973,656	\$ 13,747,934

THE ACCOMPANYING NOTES ARE AN
INTEGRAL PART OF THESE FINANCIAL STATEMENTS

THE FOOD BANK FOR CENTRAL AND NORTHEAST MISSOURI, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016

	Unrestricted		Temporarily	
	General	Food	Restricted	Total
	Operations	Distribution		
SUPPORT AND REVENUES				
Food donations	\$ -	\$ 53,851,743	\$ -	\$ 53,851,743
Contributions, bequests and donations	2,708,339	-	806,253	3,514,592
Operational grants	524,761	-	150,277	675,038
United Way grants	137,374	-	141,744	279,118
Governmental grants and support	2,568,309	-	-	2,568,309
Interest income	5,720	-	-	5,720
Rental income	11,742	-	-	11,742
In-kind donations	549,941	-	-	549,941
Gain on disposal of fixed assets	3,950	-	-	3,950
Miscellaneous revenues	37,458	-	-	37,458
Net assets released from restrictions-				
Expiration of time	848,003	-	(848,003)	-
Expiration of purpose	160,727	-	(160,727)	-
 Total Support and Revenues	 \$ 7,556,324	 \$ 53,851,743	 \$ 89,544	 \$ 61,497,611
EXPENSES				
Program Services-				
Food Distribution	\$ 3,657,989	\$ 53,496,934	\$ -	\$ 57,154,923
Food Pantry	288,016	-	-	288,016
Children's Programs	653,655	-	-	653,655
Total Program Services	4,599,660	53,496,934	-	58,096,594
Administration	715,901	-	-	715,901
Fundraising	1,179,668	-	-	1,179,668
 Total Expenses	 \$ 6,495,229	 \$ 53,496,934	 \$ -	 \$ 59,992,163
 Change in net assets	 1,061,095	 354,809	 89,544	 1,505,448
Net assets, beginning	\$ 8,886,616	\$ 2,682,473	\$ 673,397	\$ 12,242,486
Net assets, ending	\$ 9,947,711	\$ 3,037,282	\$ 762,941	\$ 13,747,934

THE ACCOMPANYING NOTES ARE AN
INTEGRAL PART OF THESE STATEMENTS

THE FOOD BANK FOR CENTRAL AND NORTHEAST MISSOURI, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017
(WITH SUMMARIZED TOTALS FOR THE YEAR ENDED DECEMBER 31, 2016)

	2017							2016
	Program Services				Administration	Fundraising	Total	Total
	Food Distribution	Food Pantry	Children's Programs	Total Program Services				
EXPENSES								
Personnel	\$ 1,141,597	\$ 249,630	\$ 79,422	\$ 1,470,649	\$ 586,149	\$ 626,217	\$ 2,683,015	\$ 2,679,547
Food distributed	51,634,101	-	-	51,634,101	-	-	51,634,101	53,496,934
Food costs	582,510	-	588,122	1,170,632	-	-	1,170,632	1,104,541
Facility costs	269,283	27,761	22,355	319,399	14,066	21,099	354,564	248,348
Supplies	318,279	2,294	37,265	357,838	-	616,126	973,964	112,009
Office expenses	10,437	2,898	-	13,335	135,181	56,789	205,305	28,849
Transportation	715,435	7,703	11,464	734,602	2,563	4,389	741,554	861,151
Equipment/vehicle maintenance	73,540	-	-	73,540	972	972	75,484	67,587
Support services	-	-	-	-	-	-	-	77,766
Insurance	37,473	2,130	-	39,603	4,997	7,494	52,094	44,269
Share The Harvest allotment	64,766	-	-	64,766	-	-	64,766	65,612
Agency expenses	15,494	-	-	15,494	-	-	15,494	3,033
Other	140,713	3,110	2,410	146,233	8,681	10,142	165,056	773,810
Depreciation	383,344	134,688	-	518,032	-	-	518,032	428,707
Total Expenses	\$ 55,386,972	\$ 430,214	\$ 741,038	\$ 56,558,224	\$ 752,609	\$ 1,343,228	\$ 58,654,061	\$ 59,992,163

THE ACCOMPANYING NOTES ARE AN
INTEGRAL PART OF THESE FINANCIAL STATEMENTS

THE FOOD BANK FOR CENTRAL AND NORTHEAST MISSOURI, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2016

	Program Services			Total Program Services	Administration	Fundraising	Total
	Food Distribution	Food Pantry	Children's Programs				
EXPENSES							
Personnel	\$ 1,178,525	\$ 225,438	\$ 79,078	\$ 1,483,041	\$ 634,011	\$ 562,495	\$ 2,679,547
Food distributed	53,496,934	-	-	53,496,934	-	-	53,496,934
Food costs	588,177	-	516,364	1,104,541	-	-	1,104,541
Facility costs	154,369	30,002	27,911	212,282	18,033	18,033	248,348
Supplies	68,409	2,232	29,202	99,843	-	12,166	112,009
Office expenses	7,566	-	-	7,566	7,388	13,895	28,849
Transportation	836,179	4,905	1,100	842,184	5,557	13,410	861,151
Equipment/vehicle maintenance	56,210	-	-	56,210	2,844	8,533	67,587
Support services	62,213	-	-	62,213	7,777	7,776	77,766
Insurance	34,007	1,760	-	35,767	4,251	4,251	44,269
Share The Harvest allotment	65,612	-	-	65,612	-	-	65,612
Agency expenses	3,033	-	-	3,033	-	-	3,033
Other	198,661	-	-	198,661	36,040	539,109	773,810
Depreciation	405,028	23,679	-	428,707	-	-	428,707
Total Expenses	<u>\$ 57,154,923</u>	<u>\$ 288,016</u>	<u>\$ 653,655</u>	<u>\$ 58,096,594</u>	<u>\$ 715,901</u>	<u>\$ 1,179,668</u>	<u>\$ 59,992,163</u>

THE ACCOMPANYING NOTES ARE AN
INTEGRAL PART OF THESE STATEMENTS

THE FOOD BANK FOR CENTRAL AND NORTHEAST MISSOURI, INC.
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 225,722	\$ 1,505,448
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	\$ 518,032	\$ 428,707
Loss/(gain) on disposition of assets	(8,092)	(3,950)
In-kind donation of fixed assets	(8,133)	(148,194)
Unrealized gain on investments	(114,564)	-
Realized gain on investments	(27,574)	-
Changes in assets and liabilities-		
Decrease (increase) in pledged contributions receivable	171,748	(265,422)
Decrease (increase) in grants receivable	(50,153)	139,409
Decrease (increase) in unconditional promises to give	(8,438)	18,983
Decrease (increase) in inventory	176,962	(354,809)
Decrease (increase) in prepaid expense	33,075	(50,662)
Increase (decrease) in accounts payable	56,737	201,447
Increase (decrease) in accrued payroll	2,061	11,363
Increase (decrease) in accrued employee benefits	(215)	45,536
Total Adjustments	741,446	22,408
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 967,168	\$ 1,527,856
CASH FLOWS FROM INVESTING ACTIVITIES		
Redemption of investments	\$ -	\$ 746,872
Purchase of investments	(492,065)	(2,000,000)
Proceeds from disposition of fixed assets	38,700	4,200
Purchases of fixed assets	(489,417)	(516,954)
NET CASH USED BY INVESTING ACTIVITIES	(942,782)	(1,765,882)
NET INCREASE (DECREASE) IN CASH	24,386	(238,026)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	\$ 1,046,905	\$ 1,284,931
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,071,291	\$ 1,046,905

THE ACCOMPANYING NOTES ARE AN
INTEGRAL PART OF THESE FINANCIAL STATEMENTS

THE FOOD BANK FOR CENTRAL AND NORTHEAST MISSOURI, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 1: REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

- A. Purpose of Reporting Entity** – The Food Bank for Central and Northeast Missouri, Inc. (the Organization) was formed in September 1981 and is a regional disaster and hunger relief network that acquires and distributes millions of pounds of donated food annually. The Organization is a centralized food collection and distribution facility that provides food and household products to agencies serving people in need in a 32 county area. Its mission is to help and feed people in need. The Organization distributes food to/for various entities and programs as follows:

Soup kitchens	Rehabilitation centers
Food pantries	Childrens' programs
Senior programs	Shelters for homeless and abused
Veterans pack program	Other food banks

- B. Method of Accounting** – The financial statements have been prepared on an accrual basis and in conformity with the standards promulgated by the American Institute of Certified when incurred.
- C. Contributions** – Contributions are considered to be available for the general program of the Organization unless specifically restricted by the donor. Gifts of cash and other assets received without donor stipulations are reported as unrestricted revenue and net assets. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions that are restricted by the donors are reported as an increase in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are received.

Gifts of land, buildings, equipment and other long-lived assets are reported as unrestricted revenue and net assets unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long these long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Unconditional gifts expected to be collected within one year are reported at their net realizable value. Unconditional gifts expected to be collected in future years are reported at the present value of estimated future cash flows. The resulting discount is amortized using the level-yield method and is reported as contribution revenue. Many of the contributions and support received by the Organization qualify for Neighborhood Assistance Program tax credits and Food Pantry tax credits through the state of Missouri.

- D. Donated Services** – The Organization reports amounts in the financial statements for voluntary donations of services when those services create or enhance non-financial assets or require specialized skills provided by individuals possessing those skills and which would be typically purchased if not provided by donation, and the amounts involved can be objectively measured. The Organization's programs receive donated services from unpaid volunteers for distributing food and for labeling and repackaging of inventories. In accordance with current accounting standards, these donated services have not been recognized as contribution revenue in the financial statements because they do not require specialized skills or impact non-financial assets.

THE FOOD BANK FOR CENTRAL AND NORTHEAST MISSOURI, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

**NOTE 1: REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

- E. Cash and Cash Equivalents** – For the purpose of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. The Organization had two checking accounts (one non-interest bearing checking and one interest-bearing checking money market account) as of December 31, 2017, in one banking facility and eleven individual money market accounts in eleven separate banking facilities. Interest rates ranged from 0.02% to 0.16%. Cash on hand is also included in cash and cash equivalents.
- F. Use of Estimates** – Preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of management's estimates, primarily related to inventory valuation, the depreciable lives of equipment, and for paid leave accrual. The nature of those estimates, however, is such that variances in actual results are generally immaterial.
- G. Functional Allocation of Expenses** – The costs of providing the program and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited.
- H. Income Tax** – The Organization is exempt from Federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code. The Organization is not a private foundation pursuant to Section 509(a) of the code.

NOTE 2: PLEDGED CONTRIBUTIONS AND GRANTS RECEIVABLE

Pledged contributions and grants receivable represent funds due to the agency as of December 31, 2017 and 2016. The Organization's receivables comes from various programs and outside donors. An allowance for doubtful accounts of \$6,630 has been established for the year ended December 31, 2017, for pledged contributions that may not be collected. Grants receivable comes mainly from the state of Missouri for the Commodities Supplemental Food Program (CSFP) and the Temporary Assistance to Needy Families Program (TANF), and from USDA food commodities. There has been no allowance for doubtful accounts related to these receivables because management feels that all accounts will be collected.

NOTE 3: CASH/CONCENTRATION OF CREDIT RISK

The Organization deposits its monies with high quality financial institutions and the total bank balance at December 31, 2017, at these institutions total \$1,120,099. The total carrying value of all the bank balances was \$1,071,123. The bank balances in eleven banking institutions are covered entirely by FDIC insurance coverage. Cash held in one of its twelve banking institutions at December 31, 2017, is in excess of the Federal Deposit Insurance Corporation (FDIC) limit of \$250,000. Its main banking institution had a total bank balance of \$278,555 at December 31, 2017, leaving the remaining balance under secured by \$28,555. The Organization's cash is subject to various risks, such as interest rate, credit, and overall market volatility risks. Management believes the Organization is not exposed to significant credit risks on this amounts since the bank account balance did fall below the FDIC limit soon in the subsequent year.

THE FOOD BANK FOR CENTRAL AND NORTHEAST MISSOURI, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 4: INVESTMENTS

The Organization carries its investments at fair value. At December 31, 2017, investments consisted of two separate investment funds totaling \$2,634,203 as a board designated Endowment. One fund of \$1,130,822 is designated by the Board as unrestricted for future use and the other fund for \$1,503,381 is designated by the Board for an operating reserve.

The Organization carries its investments at fair value. The Organization's policy is to include cash and cash equivalents held by a broker in a managed portfolio as investments. Investments consist of the following categories held by a single investment company in the managed portfolio at December 31:

2017	Cost	Unrealized Gain (Loss)	Fair Value
Cash and cash equivalents	\$ 60,599	\$ 28	\$ 60,627
Equity investments	900,421	101,909	1,002,330
Fixed income investments	1,312,250	11,771	1,324,021
Alternative investments	244,095	3,130	247,225
Total investments	<u>\$ 2,517,365</u>	<u>\$ 116,838</u>	<u>\$ 2,634,203</u>
2016			
Cash and cash equivalents	\$ 2,000,000	\$ -	\$ 2,000,000
Total investments	<u>\$ 2,000,000</u>	<u>\$ -</u>	<u>\$ 2,000,000</u>

Since investments are subject to continual market fluctuations, the Organization is subject to concentration of credit risk. Management believes the policy adopted by the Organization's Board of Directors is prudent for the long-term welfare of the Organization and its beneficiaries. Investment income consists of the following for the years ended December 31:

	2017	2016
Interest income	\$ 688	\$ 5,720
Dividends	49,525	-
Accrued income	2,164	-
Unrealized change in value	114,564	-
Realized gains (losses)	27,574	-
Total Investment Income	<u>\$ 194,515</u>	<u>\$ 5,720</u>

NOTE 5: INVENTORY

Inventory consists of food for distribution to member agencies and various entities as previously noted. Donated or purchased inventory (Non-USDA) is valued in aggregate based upon a weighted average value per pound as provided by Feeding America. USDA inventory received through the state is recorded at the value of the commodities as figured by the USDA but is valued at year end at the weighted average per pound as provided by Feeding America.

Food inventory at December 31, 2017 and 2016, consisted of 1,653,364 and 1,818,734 pounds, respectively, of donated and purchased food. The inventory is valued using Feeding America valuation guidelines set at \$1.73 and \$1.67 weighted average per pound for 2017 and 2016, respectively.

THE FOOD BANK FOR CENTRAL AND NORTHEAST MISSOURI, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 5: INVENTORY (CONTINUED)

The value of the December 31, 2017 and 2016, year-end inventory was as follows:

	<u>2017</u>	<u>2016</u>
Total food valued per year-end inventory:		
USDA (TEFAP)	\$ 143,177	\$ 290,606
CSFP	270,809	217,164
Non-USDA	<u>2,446,334</u>	<u>2,529,512</u>
Total ending inventory value	\$ <u><u>2,860,320</u></u>	\$ <u><u>3,037,282</u></u>

The Organization is recognized by the United States Department of Agriculture (USDA) as an Emergency Feeding Organization (EFO). This designation enables the Organization to act as a distributor of food donated by the USDA and consigned by the Division of Family Services of the state of Missouri's Department of Social Services. The Organization is responsible for storing, handling, and distributing the donated food to needy persons. Primary recipients of the food were soup kitchens and food pantries.

NOTE 6: FIXED ASSETS AND ACCUMULATED DEPRECIATION

Fixed assets are reported on the basis of historical cost, net of allowance for depreciation. Donated assets are recorded at estimated market value at the date of donation. A capitalization threshold of \$1,000 is used to record fixed assets. Fixed assets are depreciated using the straight-line method as follows:

Buildings	7 – 40 years	Automotive equipment	5 years
Improvements	7 – 30 years	Computer software	3 years
Furniture and equipment	5 – 10 years		

The following is a schedule of fixed assets and accumulated depreciation at December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Land (not depreciable)	\$ 324,124	\$ 324,124
Buildings	6,432,770	6,363,113
Improvements	713,464	616,015
Automotive equipment	1,422,220	1,553,019
Furniture and equipment	1,190,687	975,626
Computer software	<u>50,743</u>	<u>45,098</u>
Total fixed assets	<u>10,134,008</u>	<u>9,876,995</u>
Less: accumulated depreciation	<u>(3,702,024)</u>	<u>(3,393,921)</u>
Net Fixed Assets	\$ <u><u>6,431,984</u></u>	\$ <u><u>6,483,074</u></u>

Vehicles and equipment items with an original cost of \$240,537 and accumulated depreciation of \$209,929 were disposed of during the year. Three vehicles were sold for \$38,300, some vehicles and an equipment item were disposed of at no cost, and one equipment item was sold for \$400 resulting in a total gain of \$8,092 on the disposition of assets.

THE FOOD BANK FOR CENTRAL AND NORTHEAST MISSOURI, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 7: ACCRUED PAYROLL AND EMPLOYEE BENEFITS

The total value of accrued salaries payable is \$41,516 and \$39,455 at December 31, 2017 and 2016, respectively. The Organization records the value of earned time off as a liability at the end of the year. The total value of employee benefits for vacation payable is \$78,228 and \$60,385 at December 31, 2017 and 2016, respectively. The Organization's total retirement fund payable is \$35,411 and \$52,679 at December 31, 2017 and 2016, respectively; and total other accrued employee benefits payable total \$1,105 and \$1,894 at December 31, 2017 and 2016, respectively.

NOTE 8: FAIR VALUE OF FINANCIAL INSTRUMENTS

Assets and liabilities measured at a fair value on a recurring basis

The following is the major category of assets measured at fair values on a recurring basis at December 31, 2017:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Cash and cash equivalents	\$ 60,627	\$ -	\$ -	\$ 60,627
Equity investments	1,002,330	-	-	1,002,330
Fixed income investments	1,324,021	-	-	1,324,021
Alternative investments	247,225	-	-	247,225
Total investments	<u>\$ 2,634,203</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,634,203</u>

As of December 31, 2016:

Cash and cash equivalents	\$ <u>2,000,000</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>2,000,000</u>
Total investments	<u>\$ 2,000,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,000,000</u>

The following are changes in fair values for items measured at fair value for the year ended December 31:

Trading gains (losses) on marketable securities	2017	2016
Realized gains (losses)	\$ 27,574	\$ -
Unrealized gains (losses)	114,564	-
Total trading gains (losses) on marketable securities	<u>\$ 142,138</u>	<u>\$ -</u>

Fair value of financial instruments

Due to their short-term nature, the carrying value of cash, short-term receivables, unconditional promises to give, and short-term payables approximate their fair value at December 31, 2017 and 2016.

THE FOOD BANK FOR CENTRAL AND NORTHEAST MISSOURI, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 9: NET ASSETS DESIGNATIONS AND RESTRICTIONS

Designations and restrictions consist of the following at December 31:

<u>2017</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>
Designated for:		
Board designated unrestricted	\$ 1,130,822	\$ -
Board designated operating reserves	1,503,381	-
Buddy Pack Program	-	503,017
Unconditional promises to give-United Way	-	155,702
Total	<u>\$ 2,634,203</u>	<u>658,719</u>

<u>2016</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>
Designated for:		
Board designated unrestricted	\$ 708,000	\$ -
Board designated operating reserves	1,292,000	-
Buddy Pack Program	-	615,677
Unconditional promises to give-United Way	-	147,264
Total	<u>\$ 2,000,000</u>	<u>\$ 762,941</u>

NOTE 10: ENDOWMENT

The Food Bank's endowment consists of board designated unrestricted and restricted funds with three components: 1) donor restricted gifts; 2) board designated unrestricted gifts; and, 3) board designated operating reserves necessary to allow The Food Bank to meet its contractual obligation with Feeding America. Assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

A. Interpretation of Relevant Law

The Board of Directors of The Food Bank has interpreted the state Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original investment as of the beginning of the fiscal year.

As a result of this interpretation, The Food Bank classifies the investments as unrestricted net assets until the amount is appropriated for expenditure by The Food Bank in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with the UPMIFA, The Food Bank considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund.
- (2) The purposes of the Organization and the donor-restricted endowment fund.
- (3) General economic conditions.
- (4) The possible effect of inflation or deflation.
- (5) The expected total return from income and the appreciation of investments.
- (6) Other resources of the Organization.
- (7) The investment policies of the organization.

THE FOOD BANK FOR CENTRAL AND NORTHEAST MISSOURI, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 10: ENDOWMENT (CONTINUED)

B. Endowment Net Asset composition by type of fund as of December 31, 2017 and 2016:

<u>2017</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Board-designated -				
Unrestricted	\$ 1,130,822	-	-	\$ 1,130,822
Operating reserves	<u>1,503,381</u>	<u>-</u>	<u>-</u>	<u>1,503,381</u>
Total endowment funds	\$ <u>2,634,203</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>2,634,203</u>
 <u>2016</u>	 <u>Unrestricted</u>	 <u>Temporarily Restricted</u>	 <u>Permanently Restricted</u>	 <u>Total</u>
Board-designated -				
Unrestricted	\$ 708,000	\$ -	\$ -	\$ 708,000
Operating reserves	<u>1,292,000</u>	<u>-</u>	<u>-</u>	<u>1,292,000</u>
Total endowment funds	\$ <u>2,000,000</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>2,000,000</u>

C. Changes in Endowment Net Asset composition by type of fund for the year ended December 31:

<u>2017</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Net assets, beginning	\$ 2,000,000	\$ -	\$ -	\$ 2,000,000
Board designated -				
Unrestricted	422,822	-	-	422,822
Operating reserves	<u>211,381</u>	<u>-</u>	<u>-</u>	<u>211,381</u>
Net assets, ending	\$ <u>2,634,203</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>2,634,203</u>
 <u>2016</u>	 <u>Unrestricted</u>	 <u>Temporarily Restricted</u>	 <u>Permanently Restricted</u>	 <u>Total</u>
Net assets, beginning	\$ -	\$ -	\$ -	\$ -
Board designated -				
Unrestricted	708,000	-	-	708,000
Operating reserves	<u>1,292,000</u>	<u>-</u>	<u>-</u>	<u>1,292,000</u>
Net assets, ending	\$ <u>2,000,000</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>2,000,000</u>

D. Return Objectives and Risk Parameters

The Food Bank has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those board-designated funds.

Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is expected to achieve competitive performance relative to a static policy-weighted market benchmark over a period not less than a full market cycle (generally defined as a five-year period) while maintaining acceptable risk levels.

THE FOOD BANK FOR CENTRAL AND NORTHEAST MISSOURI, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 10: ENDOWMENT (CONTINUED)

E. Strategies Employed for Achieving Objectives

To satisfy its long-term rate of return objectives, The Food Bank relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Food Bank targets a diversified asset allocation of equity, fixed income, and alternative investments to achieve its long-term return objectives within prudent risk constraints.

F. Spending Policy and How the Investment Objectives Relate to Spending Policy

The Food Bank's objective is to maintain the purchasing power of the endowment assets for a specified term as well as to provide additional real growth through new gifts and investment return. The portfolio shall be rebalanced to tactical targets as deemed advantageous to the Endowment after considering the costs of rebalancing versus the risks associated with portfolio deviation from the desired targets.

NOTE 11: RELATED PARTY TRANSACTIONS

The Organization is affiliated with Feeding America and pays quarterly affiliation fees to Feeding America. Total affiliate fees were \$8,706 and \$8,556 for the year ended December 31, 2017 and 2016, respectively. The Organization is also affiliated with the Missouri Food Bank Association (MFBA) and pays membership dues. Total MFBA membership dues were \$107,943 and \$109,353 for the year ended December 31, 2017 and 2016, respectively.

A member of the Board of Directors is the owner of a company that provided innovative technology services to The Food Bank. For the year ended December 31, 2017 and 2016, The Food Bank paid the company \$21,626 and \$16,040, respectively.

NOTE 12: CONCENTRATION OF REVENUE

The Organization received approximately 87.4% and 87.6% of its total revenues from food commodities received for the year ended December 31, 2017 and 2016, respectively. Of the general operations revenues, contributions bequests and donations make up approximately 46.0% and 46.2% of the total for the year ended December 31, 2017 and 2016, respectively. Governmental grants and support make up approximately 33.6% and 41.6% of the total for the year ended December 31, 2017 and 2016, respectively.

NOTE 13: LEASES AND SERVICES CONTRACTS

A. The Organization has entered into several lease agreements for the rental of warehouse space. One three-year lease agreement signed August 26, 2013, in Kirksville and is presently a current month to month lease for \$1,500 per month was paid for five months during 2017 (\$7,500); one lease agreement in Jefferson City started in November 2016 and went through December 2017 at \$1,500 per month with payments in 2017 totaling \$18,000; and one lease agreement started August 1, 2017, in Kirksville and runs for three years with a monthly lease of \$400 (\$2,000). Total rent expense paid for the year ended December 31, 2017, was \$27,500.

B. In October 2014, the Organization entered into a telecommunication services contract for a period of five years at a monthly recurring charge of \$2,161.

THE FOOD BANK FOR CENTRAL AND NORTHEAST MISSOURI, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 14: SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 28, 2018, the date on which the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

THE FOOD BANK FOR CENTRAL AND NORTHEAST MISSOURI, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2017

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Share of Expenditures</u>
U.S. DEPARTMENT OF AGRICULTURE			
Passed through:			
Missouri Food Bank Association- Supplemental Nutrition Assistance Program	10.551	ER108120100	\$ 13,101
State of Missouri Department of Health and Senior Services- Child Nutrition Cluster:			
Summer Food Service Program for Children (SFSP)	10.559	E0461725407	14,576
<u>Food Distribution Cluster</u>			
Passed through:			
State of Missouri Department of Health and Senior Services- Commodity Supplemental Food Program (CSFP):			
Administration Costs	10.565	CS170294001	194,080
Food Commodities	10.565	CS170294001	496,048
State of Missouri Department of Social Services- Emergency Food Assistance Program Cluster:			
Emergency Food Assistance Program (TEFAP):			
Administration Costs	10.568	ER113170001	210,026
Food Commodities	10.569	ER113170001	<u>1,483,590</u>
Total Food Distribution Cluster			<u>2,383,744</u>
Total U.S. Department of Agriculture			\$ <u>2,411,421</u>
Total Expenditures of Federal Awards			\$ <u><u>2,411,421</u></u>

No federal awards were provided to any subrecipients.

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS SCHEDULE

THE FOOD BANK FOR CENTRAL AND NORTHEAST MISSOURI, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

- A. Purpose of Schedule and Reporting Entity** – The accompanying Schedule of Expenditures of Federal Awards of The Food Bank for Central and Northeast Missouri, Inc. has been prepared to comply with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The Uniform Guidance requires a schedule of expenditures of federal awards showing total expenditures for each federal financial assistance program as identified in the catalog of federal domestic assistance (“CFDA”), and identification of federal financial assistance programs which have not been assigned a CFDA number.

The accompanying schedule includes all federal financial assistance programs administered (cash and non-cash through food commodities) by The Food Bank for Central and Northeast Missouri, Inc.

- B. Basis of Presentation** – The accompanying Schedule of Expenditures of Federal Awards is presented in accordance with the Uniform Guidance, which defines federal financial assistance as assistance that non-federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations and other assistance, but does not include amounts received as reimbursement for services rendered to individuals.

The Uniform Guidance establishes the formula for determining the level of expenditures of disbursements to be used in defining Type A and Type B federal financial assistance programs. For 2017, Type A programs are those which exceed \$750,000 in disbursements, expenditures, or distributions. The determination of major and nonmajor programs is based on the risk based approach outlined in the Uniform Guidance.

Food Distribution Programs

The amounts reported for Food Distribution Programs (CFDA #10.565, #10.568, and #10.569) represent the dollar value of food commodities received to be distributed to eligible recipients during the year. The U.S. Department of Agriculture (USDA) provides the current values of the commodities as received by the Organization. The amount of administrative costs presented represents the amounts expended by The Food Bank for Central and Northeast Missouri and reimbursed by the Department of Health and Senior Services and the Department of Social Services.

The amount reported for the Food Distribution Program under CFDA #10.559 represents the amount expended and reimbursed from the Department of Health and Senior Services for child nutrition meals served during the year based upon a contractual agreement.

- C. Basis of Accounting** – The accompanying Schedule of Expenditures of Federal Awards is presented on the accrual basis of accounting.
- D. Indirect Cost Rate** – The Food Bank elected to use the 10% de minimus indirect cost rate for the Commodity Supplemental Food Program (CSFP) but not for the Emergency Food Assistance Program (TEFAP).
- E. Subrecipients** – The Food Bank did not provide any federal awards to any subrecipients.

August 28, 2018

**INDEPENDENT AUDITORS' 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
The Food Bank for Central and Northeast Missouri, Inc.
Columbia, MO

We 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 The Food Bank for Central and Northeast Missouri, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 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 our report thereon dated August 28, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered The Food Bank for Central and Northeast Missouri, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Food Bank for Central and Northeast Missouri, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of The Food Bank for Central and Northeast Missouri, Inc.'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.

Our 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 our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**THE FOOD BANK FOR CENTRAL AND NORTHEAST MISSOURI, INC.
INDEPENDENT AUDITORS' 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* (CONTINUED)**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Food Bank for Central and Northeast Missouri, Inc.'s financial statements are free from material misstatement, we 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 our audit, and accordingly, we do not express such an opinion. The results of our 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 our 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.

Beard-Boehmer & Associates, PC

Beard-Boehmer & Associates, PC
Columbia, MO

August 28, 2018

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors
The Food Bank for Central and Northeast Missouri, Inc.
Columbia, MO

Report on Compliance for Each Major Federal Program

We have audited The Food Bank for Central and Northeast Missouri, Inc.'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 The Food Bank for Central and Northeast Missouri, Inc.'s major federal programs for the year ended December 31, 2017. The Food Bank for Central and Northeast Missouri, Inc.'s major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirement of laws, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of The Food Bank for Central and Northeast Missouri, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our 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 we 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 The Food Bank for Central and Northeast Missouri, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of The Food Bank for Central and Northeast Missouri, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, The Food Bank for Central and Northeast Missouri, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2017.

**THE FOOD BANK FOR CENTRAL AND NORTHEAST MISSOURI, INC.
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE (CONTINUED)**

Report on Internal Control over Compliance

Management of The Food Bank for Central and Northeast Missouri, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered The Food Bank for Central and Northeast Missouri, Inc.'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, we do not express an opinion on the effectiveness of The Food Bank for Central and Northeast Missouri, Inc.'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.

Our 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. We did not identify any deficiencies in internal control over compliance that we 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 our 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.

Beard-Boehmer & Associates, PC

Beard-Boehmer & Associates, PC
Columbia, MO

THE FOOD BANK FOR CENTRAL AND NORTHEAST MISSOURI, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2017

SECTION I: SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) disclosed?	_____ yes	_____ <u>X</u> no	
Significant deficiency(ies) identified?	_____ yes	_____ <u>X</u> none reported	
Noncompliance material to financial statements noted?	_____ yes	_____ <u>X</u> no	

Federal Awards

Internal control over major programs:

Material weakness(es) identified?	_____ yes	_____ <u>X</u> no	
Significant deficiency(ies) identified?	_____ yes	_____ <u>X</u> none reported	

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

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)?

	_____ yes	_____ <u>X</u> no	
--	-----------	-------------------	--

Identification of major programs:

CFDA NUMBER	Name of Federal Program or Cluster
	Food Distribution Cluster:
10.565	Commodity Supplemental Food Program (Administrative Costs)
10.565	Commodity Supplemental Food Program (Food Commodities)
10.568	USDA Emergency Food Assistance Program (Administrative Costs)
10.569	USDA Emergency Food Assistance Program (Food Commodities)

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as a low-risk auditee? X yes no

SECTION II: FINANCIAL STATEMENT FINDINGS

There are no financial statement findings that are required to be reported for the year ended December 31, 2017.

SECTION III: FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There are no federal award findings and questioned costs for the year ended December 31, 2017.

THE FOOD BANK FOR CENTRAL AND NORTHEAST MISSOURI, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2017

Government Auditing Standards

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by The Food Bank for Central and Northeast Missouri, Inc. on the applicable findings in the prior audit report issued for the year ended December 31, 2016.

The prior audit report issued for the year ended December 31, 2016, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Uniform Guidance (OMB 2 CFR Part 200)

Section 200.511(b) of the Uniform Guidance requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule must also include audit findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except audit findings listed as corrected, no longer valid, or not warranting further action.

The prior audit report issued for the year ended December 31, 2016, included no audit findings that the Uniform Guidance Section 200.516(a) requires to be reported for an audit of federal awards.