

COMBINED FINANCIAL STATEMENTS

CAPITAL AREA FOOD BANK

**CAPITAL AREA FOOD BANK
FOUNDATION**

**FOR THE YEAR ENDED JUNE 30, 2011
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2010**

**CAPITAL AREA FOOD BANK
CAPITAL AREA FOOD BANK FOUNDATION**

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GELMAN, ROSENBERG & FREEDMAN
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Capital Area Food Bank
Capital Area Food Bank Foundation
Washington, D.C.

We have audited the accompanying combined statement of financial position of the Capital Area Food Bank (the Food Bank) and the Capital Area Food Bank Foundation (the Foundation), collectively the Organizations, as of June 30, 2011, and the related combined statements of activities and change in net assets, functional expenses and cash flows for the years then ended. These combined financial statements are the responsibility of the Organizations' management. Our responsibility is to express an opinion on these combined financial statements based on our audit. The prior year summarized comparative information has been derived from the Food Bank's 2010 financial statements, and in our report dated October 18, 2010, we expressed an unqualified opinion on those statements.

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 combined financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organizations' internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall combined financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of the Organizations as of June 30, 2011, and their change in net assets and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS' PRIVATE COMPANIES PRACTICE SECTION

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2011, on our consideration of the Organizations' 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 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* and should be considered in assessing the results of our audit.

A handwritten signature in cursive script that reads "Gelman Rosenberg & Freedman".

October 31, 2011

**CAPITAL AREA FOOD BANK
CAPITAL AREA FOOD BANK FOUNDATION**

**COMBINED STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2011
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2010**

ASSETS

	2011	2010
CURRENT ASSETS		
Cash and cash equivalents	\$ 6,376,169	\$ 8,431,863
Restricted cash, current portion (Note 4)	11,891,783	-
Investments (Notes 2 and 18)	1,353,429	2,297,078
Accounts receivable, net of allowance for doubtful accounts of \$28,030 and \$19,966 for 2011 and 2010, respectively	284,686	239,688
Pledges receivable, current portion (Note 11)	9,685,524	2,316,542
Contributions and other receivables	351,286	584,948
Inventory (Notes 10 and 18)	1,868,458	1,952,109
Prepaid expenses	90,947	61,246
Total current assets	<u>31,902,282</u>	<u>15,883,474</u>
PROPERTY AND EQUIPMENT		
Land (Notes 3 and 17)	9,289,775	9,119,775
Warehouses and improvements	5,346,301	5,346,301
Warehouse equipment	609,429	643,238
Construction in progress (Note 17)	6,003,907	2,190,208
Computer and office equipment	198,574	165,022
Vehicles	397,309	344,480
	21,845,295	17,809,024
Less: Accumulated depreciation and amortization	(3,569,816)	(3,457,097)
Net property and equipment	<u>18,275,479</u>	<u>14,351,927</u>
NONCURRENT ASSETS		
Restricted cash, net of current portion (Note 4)	804,309	-
Deposit	-	7,533
Deferred financing costs	888,009	-
Pledges receivable, net of current portion (Note 11)	2,068,007	351,942
Note receivable (Note 4)	20,833,437	-
Total noncurrent assets	<u>24,593,762</u>	<u>359,475</u>
TOTAL ASSETS	<u>\$ 74,771,523</u>	<u>\$ 30,594,876</u>

See accompanying notes to combined financial statements.

LIABILITIES AND NET ASSETS

	<u>2011</u>	<u>2010</u>
CURRENT LIABILITIES		
Accounts payable	\$ 2,163,765	\$ 256,393
Accrued salaries and related benefits	241,004	215,132
Accrued vacation	111,703	98,303
Interest payable	<u>121,651</u>	<u>-</u>
Total current liabilities	<u>2,638,123</u>	<u>569,828</u>
LONG-TERM LIABILITIES		
Note payable - DHCD (Notes 3 and 17)	5,205,000	5,205,000
Notes payable - Other (Note 4)	<u>28,800,000</u>	<u>-</u>
Total long-term liabilities	<u>34,005,000</u>	<u>5,205,000</u>
Total liabilities	<u>36,643,123</u>	<u>5,774,828</u>
NET ASSETS		
Unrestricted:		
Undesignated	12,958,924	12,912,779
Board designated (Note 14)	<u>395,672</u>	<u>395,672</u>
Total unrestricted	13,354,596	13,308,451
Temporarily restricted (Note 12)	<u>24,773,804</u>	<u>11,511,597</u>
Total net assets	<u>38,128,400</u>	<u>24,820,048</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 74,771,523</u>	<u>\$ 30,594,876</u>

See accompanying notes to combined financial statements.

**CAPITAL AREA FOOD BANK
CAPITAL AREA FOOD BANK FOUNDATION**

**COMBINED STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2011
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2010**

	2011			2010		
	Unrestricted		Temporarily Restricted	Total	Total	
	Operations	In-Kind Food				Total
SUPPORT AND REVENUE						
Contributions and grants	\$ 8,329,083	\$ -	\$ 8,329,083	\$ 6,366,231	\$ 14,695,314	\$ 8,694,559
In-kind food contributions (Notes 9 and 10)	-	35,021,471	35,021,471	-	35,021,471	32,419,848
Donated materials and services (Note 6)	281,957	-	281,957	-	281,957	245,179
Program service fees	3,608,141	-	3,608,141	-	3,608,141	3,470,634
Investment income (Note 2)	15,366	-	15,366	-	15,366	20,050
Other income	14,793	-	14,793	-	14,793	4,331
Capital Campaign contributions (Note 11)	-	-	-	8,265,520	8,265,520	1,341,102
Net assets released from donor restrictions (Note 13)	<u>1,369,544</u>	<u>-</u>	<u>1,369,544</u>	<u>(1,369,544)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>13,618,884</u>	<u>35,021,471</u>	<u>48,640,355</u>	<u>13,262,207</u>	<u>61,902,562</u>	<u>46,195,703</u>
EXPENSES						
Program Services:						
Collection and distribution of food (Notes 9 and 10)	<u>10,226,537</u>	<u>35,118,244</u>	<u>45,344,781</u>	<u>-</u>	<u>45,344,781</u>	<u>41,982,425</u>
Supporting Services:						
Management and General	1,508,157	-	1,508,157	-	1,508,157	1,398,869
Fundraising	1,362,614	-	1,362,614	-	1,362,614	1,454,453
Capital Campaign (Note 19)	<u>378,658</u>	<u>-</u>	<u>378,658</u>	<u>-</u>	<u>378,658</u>	<u>421,260</u>
Total supporting services	<u>3,249,429</u>	<u>-</u>	<u>3,249,429</u>	<u>-</u>	<u>3,249,429</u>	<u>3,274,582</u>
Total expenses	<u>13,475,966</u>	<u>35,118,244</u>	<u>48,594,210</u>	<u>-</u>	<u>48,594,210</u>	<u>45,257,007</u>
Change in net assets	142,918	(96,773)	46,145	13,262,207	13,308,352	938,696
Net assets at beginning of year	<u>11,740,064</u>	<u>1,568,387</u>	<u>13,308,451</u>	<u>11,511,597</u>	<u>24,820,048</u>	<u>23,881,352</u>
NET ASSETS AT END OF YEAR	<u>\$ 11,882,982</u>	<u>\$ 1,471,614</u>	<u>\$ 13,354,596</u>	<u>\$ 24,773,804</u>	<u>\$ 38,128,400</u>	<u>\$ 24,820,048</u>

See accompanying notes to combined financial statements.

**CAPITAL AREA FOOD BANK
CAPITAL AREA FOOD BANK FOUNDATION**

**COMBINED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2011
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2010**

	2011				2010	
	Supporting Services			Capital Campaign (Note 19)	Total Expenses	Total Expenses
	Program Services	Management and General	Fundraising			
Salaries and related benefits (Note 15)	\$ 4,034,411	\$ 832,271	\$ 454,583	\$ 128,818	\$ 5,450,083	\$ 4,922,740
Printing	27,169	69	5,562	-	32,800	25,938
Professional fees	98,542	132,354	2,338	192,093	425,327	350,665
Insurance	98,127	111,344	-	24,761	234,232	164,474
Depreciation and amortization	151,688	36,288	-	-	187,976	208,152
Telephone	36,388	7,208	1,596	732	45,924	41,520
Travel	19,349	654	2,540	-	22,543	12,218
Postage and shipping	18,869	7,336	16,432	186	42,823	44,647
Rental expense and maintenance	562,051	48,353	1,042	16,252	627,698	720,329
Supplies	154,093	29,235	2,847	921	187,096	154,459
Dues and subscriptions	27,070	22,661	1,383	19	51,133	76,096
Conferences and meetings	42,711	11,038	10,716	545	65,010	44,847
Advertising and promotion	247,622	9,985	36,861	-	294,468	273,455
Interest expense	-	28,358	-	-	28,358	-
Donated materials and services (Note 6)	111,014	170,943	-	-	281,957	245,179
In-kind food contributions (Note 9)	35,118,244	-	-	-	35,118,244	32,876,477
Cost of purchased food distributed	2,385,273	-	-	-	2,385,273	1,965,233
Freight	150,267	-	-	-	150,267	275,838
Direct mail and fundraising	-	-	777,670	-	777,670	865,253
Utilities	149,270	14,416	-	9,400	173,086	185,257
Other	-	-	-	-	-	2,295
Licenses and fees	950	3,469	12	4,177	8,608	1,954
Miscellaneous	127,367	42,175	18,022	754	188,318	172,087
Other provided services	895,583	-	31,010	-	926,593	925,839
Value added processing of donated food	888,723	-	-	-	888,723	702,055
TOTAL	\$ 45,344,781	\$ 1,508,157	\$ 1,362,614	\$ 378,658	\$ 48,594,210	\$ 45,257,007

See accompanying notes to combined financial statements.

**CAPITAL AREA FOOD BANK
CAPITAL AREA FOOD BANK FOUNDATION**

**COMBINED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2011
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2010**

	<u>2011</u>	<u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 13,308,352	\$ 938,696
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	187,976	208,152
Unrealized gain on investments	(1,808)	(8,336)
Realized gain on sales of investments	-	(856)
In-kind stock donations	(48,946)	(9,930)
In-kind contribution revenue	(35,248,519)	(32,644,828)
In-kind contribution expenses	35,400,201	33,121,656
Gain in valuation of donated inventory	(54,909)	(20,199)
Change in allowance for doubtful accounts	8,064	(470)
(Increase) decrease in:		
Accounts receivable	(53,062)	(55,297)
Pledges receivable	(9,085,047)	(483,889)
Contributions and other receivables	233,662	(237,412)
Inventory	(13,122)	265,223
Prepaid expenses	(29,701)	(13,272)
Deposit	7,533	8,338
Deferred financing costs	(888,009)	-
Increase (decrease) in:		
Accounts payable	1,907,370	(305,028)
Accrued salaries and related benefits	25,872	39,485
Accrued vacation	13,400	21,326
Interest payable	<u>121,651</u>	<u>-</u>
Net cash provided by operating activities	<u>5,790,958</u>	<u>823,359</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of land	(170,000)	-
Purchase of property and equipment	(127,827)	(9,092)
Purchase of investments	(1,002,249)	(89,355)
Proceeds from sales of investments	1,996,652	79,863
Construction in progress	<u>(3,813,699)</u>	<u>(166,368)</u>
Net cash used by investing activities	<u>(3,117,123)</u>	<u>(184,952)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from notes payable - Other	28,800,000	-
Payments for note receivable	<u>(20,833,437)</u>	<u>-</u>
Net cash provided by financing activities	<u>7,966,563</u>	<u>-</u>

See accompanying notes to combined financial statements.

**CAPITAL AREA FOOD BANK
CAPITAL AREA FOOD BANK FOUNDATION
COMBINED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2011
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2010**

	<u>2011</u>	<u>2010</u>
Net increase in cash and cash equivalents	\$ 10,640,398	\$ 638,407
Cash and cash equivalents at beginning of year	<u>8,431,863</u>	<u>7,793,456</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR INCLUDING RESTRICTED CASH	<u>\$ 19,072,261</u>	<u>\$ 8,431,863</u>
 SUPPLEMENTAL INFORMATION		
Interest Paid	<u>\$ 28,358</u>	<u>\$ -</u>

**CAPITAL AREA FOOD BANK
CAPITAL AREA FOOD BANK FOUNDATION**

**NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2011**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

The Capital Area Food Bank (the Food Bank) is a non-profit organization, organized under the laws of the District of Columbia. The Food Bank operates two warehouses that collect, inspect, clean, process, sort and distribute food to approximately 700 local non-profit feeding programs throughout the Metropolitan Washington, D.C. area, which include shelters, low-income day care centers, soup kitchens and emergency food programs. In addition to collecting and distributing food, the Food Bank is active in implementing education programs, sustainable agriculture/food security programs and community advocacy/outreach programs addressing the underlying causes of hunger.

The Capital Area Food Bank Foundation (the Foundation) is a nonprofit entity organized under the laws of the District of Columbia. Incorporated on April 29, 2010, the Foundation was organized solely to support the charitable purposes, mission, goals and activities of the Food Bank, the Foundation's sole member. As such, the Foundation's activities include raising funds, including capital and endowment funds, and managing and investing such funds for the benefit of its supported organization, the Food Bank. The Foundation is governed by a Board of Directors and officers appointed by the Board of Directors of the Food Bank.

The accompanying combined financial statements reflect the activity of the Food Bank, and the Foundation (collectively, the Organizations). The financial statements of the two organizations have been combined because they are under common control. All intercompany transactions have been eliminated during combination.

Basis of presentation -

The accompanying combined financial statements are presented on the accrual basis of accounting, and in accordance with FASB ASC 958-810, *Not-for-Profit Entities, Consolidation*.

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Food Bank's financial statements for the year ended June 30, 2010, from which the summarized information was derived.

Cash and cash equivalents -

The Organizations consider all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents. At times during the year, the Organizations maintain cash balances at financial institutions in excess of the Federal Deposit Insurance Corporation (FDIC) limits. Management believes the risk in these situations to be minimal.

Investments -

Investments are recorded at their readily determinable fair value. Realized and unrealized gains and losses are included in investment income in the Combined Statement of Activities and Change in Net Assets.

**CAPITAL AREA FOOD BANK
CAPITAL AREA FOOD BANK FOUNDATION**

**NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2011**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Pledges, accounts receivable, and note receivable -

Pledges, accounts receivable, and note receivable approximate fair value. The allowance for doubtful accounts is determined based upon an annual review of account balances, including the age of the balance and the historical experience with the donor/customer.

Inventory -

Inventory consists of purchased and donated goods. Purchased goods are valued at cost on a first-in, first-out basis. Donated goods are valued using Feeding America's (a national food bank network non-profit corporation) Independent Accountants' Report of the estimated weighted average wholesale value of such goods.

The Organizations utilize Feeding America's calendar year 2010 and 2009 estimates as the basis for calculating the value of their donated inventory on hand as of June 30, 2011 and 2010, as reported in the Combined Statement of Financial Position, as a June 30th valuation is not conducted by Feeding America. At June 30, 2011 and 2010, the inventory balance was calculated using the calendar 2010 and 2009 estimates of \$1.66 and \$1.60 per pound, respectively.

The Organizations utilize Feeding America's calendar year 2009 and 2008 estimates as the basis for calculating the value of its donated goods received and disbursed during fiscal years ending June 30, 2011 and 2010, as reported in the Combined Statement of Activities and Change in Net Assets, as a June 30th valuation is not conducted by Feeding America. During the years ended June 30, 2011 and 2010, the donated goods received and disbursed were calculated using the calendar year 2009 and 2008 estimates of \$1.60 and \$1.58 per pound, respectively.

Deferred financing costs -

Deferred financing costs associated with the New Market Tax Credit transactions are recorded as noncurrent assets and will be amortized over the life of the Organizations' new warehouse, upon construction completion and occupancy.

Property and equipment -

Warehouses and improvements are recorded at cost (or in the case of donated property, estimated value at the date of receipt) and are amortized over the estimated lives of the warehouses, ranging from twenty to thirty-nine years. Construction in progress is recorded at cost and will be depreciated over the life of the Organizations' new warehouse, upon construction completion and occupancy.

Equipment and vehicles are stated at cost and are depreciated on a straight-line basis over their related estimated useful lives, generally five to ten years. Maintenance, repairs and renewals that neither materially add value to existing property (nor prolong its life) are expensed as incurred. The Organizations capitalize all purchases with acquisition values of \$1,500 and greater.

**CAPITAL AREA FOOD BANK
CAPITAL AREA FOOD BANK FOUNDATION**

**NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2011**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Income taxes -

The Food Bank is recognized by the Internal Revenue Service as an exempt organization pursuant to Internal Revenue Code (Code) section 501(c)(3) and a publicly supported charity organization pursuant to Code section 509(a)(1) and 170(b)(1)(A)(vi). Accordingly, no provision for income taxes has been made in the accompanying combined financial statements. The Food Bank is not a private foundation.

The Foundation is recognized by the Internal Revenue Service as an exempt organization pursuant to Internal Revenue Code (Code) section 501(c)(3) and a Type 1 supporting organization public charity pursuant to Code section 509(a)(3). Accordingly, no provision for income taxes has been made in the accompanying combined financial statements. The Foundation is not private foundation.

Uncertain tax positions -

In June 2006, the Financial Accounting Standards Board (FASB) released FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes. For the years ended June 30, 2011 and 2010, the Organizations have documented their consideration of FASB ASC 740-10 and determined that no material uncertain tax positions qualify for either recognition or disclosure in the combined financial statements. The Federal Form 990, *Return of Organization Exempt from Income Tax*, is subject to examination by the Internal Revenue Service, generally for three years after it is filed.

Net asset classification -

The net assets are reported in three self-balancing groups as follows:

- **Unrestricted net assets** include unrestricted revenue and contributions received without donor-imposed restrictions. These net assets are available for the operation of the Organizations' and include both internally designated and undesignated resources.
- **Temporarily restricted net assets** include revenue and contributions subject to donor-imposed stipulations that will be met by the actions of the Organizations and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Combined Statement of Activities and Change in Net Assets as net assets released from restrictions.
- **Permanently restricted net assets** represent funds restricted by the donor to be maintained in-perpetuity by the Organizations. As of June 30, 2011 and 2010, there were no permanently restricted net assets.

Contributions, grants and pledges -

Contributions, grants and pledges are recorded as revenue in the year notification is received from the donor.

**CAPITAL AREA FOOD BANK
CAPITAL AREA FOOD BANK FOUNDATION**

**NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2011**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Contributions, grants and pledges (continued) -

Contributions, grants and pledges are recognized as unrestricted support only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions. Contributions, grants and pledges received in excess of expenses incurred are shown as temporarily restricted net assets in the accompanying combined financial statements.

Use of estimates -

The preparation of the combined financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Combined Statement of Activities and Change in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Risks and uncertainties -

The Organizations invest in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying combined financial statements.

Fair value measurements -

The Organizations adopted the provisions of FASB ASC 820, *Fair Value Measurements and Disclosures*. FASB ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs (assumptions that market participants would use in pricing assets and liabilities, including assumptions about risk) used to measure fair value, and enhances disclosure requirements for fair value measurements. The Organizations account for a significant portion of their financial instruments at fair value or consider fair value in their measurement.

Reclassification -

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation. These reclassifications had no effect on the previously reported changes in net assets.

**CAPITAL AREA FOOD BANK
CAPITAL AREA FOOD BANK FOUNDATION**

**NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2011**

2. INVESTMENTS

Investments at June 30, 2011 and 2010 consisted of the following:

	<u>2011</u>		<u>2010</u>	
	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>
Money market funds	\$1,098,893	\$1,098,893	\$2,043,062	\$2,043,062
Bonds	<u>229,848</u>	<u>254,536</u>	<u>229,848</u>	<u>254,016</u>
TOTAL INVESTMENTS	<u>\$1,328,741</u>	<u>\$1,353,429</u>	<u>\$2,272,910</u>	<u>\$2,297,078</u>

Included in investment income are the following:

	<u>2011</u>	<u>2010</u>
Interest and dividends	\$ 13,558	\$ 10,858
Unrealized gain (loss)	1,808	8,336
Realized gain (loss)	<u>-</u>	<u>856</u>
TOTAL INVESTMENT INCOME	<u>\$ 15,366</u>	<u>\$ 20,050</u>

3. NOTE PAYABLE - DHCD

Notes payable at June 30, 2011 and 2010 consisted of the following:

	<u>2011</u>	<u>2010</u>
Long-Term Mortgage Note Payable to the Department of Housing and Community Development (DHCD), Secured by 4900 Puerto Rico Avenue, N.E., Non-Interest Bearing	<u>\$5,205,000</u>	<u>\$5,205,000</u>

On July 18, 2005, DHCD provided \$7,705,000 of financing in connection with the acquisition of the property located at 4900 Puerto Rico Avenue, N.E. Under the terms of the agreement with DHCD, \$2,500,000 was forgiven during the year ended June 30, 2007, through the distribution of food products to D.C. member agencies. The remaining balance of \$5,205,000 is considered a 40-year deferred loan and is repayable only if the property is sold, the Food Bank moves away from the District of Columbia, or if the Food Bank ceases to fulfill its principal mission.

4. NEW MARKET TAX CREDIT TRANSACTIONS

In November 2010, the Food Bank entered into a financial arrangement to help fund the cost of a new warehouse and office facility through the use of the New Market Tax Credit (NMTC) program. Under this arrangement, the Food Bank received a loan of \$19,200,000 from City First Capital 25 LLC and two loans totaling \$9,600,000 from Enhanced Capital New Market Development Fund VIII LLC.

**CAPITAL AREA FOOD BANK
CAPITAL AREA FOOD BANK FOUNDATION**

**NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2011**

4. NEW MARKET TAX CREDIT TRANSACTIONS (Continued)

The note payable to City First Capital requires payment of interest only at .7241%, per annum until December 1, 2017. Thereafter, annual payments of \$909,237 plus interest at .7241%, per annum are due until December 1, 2040. The notes payable to Enhanced Capital require payments of interest only at .7241%, per annum until December 1, 2017. Thereafter, annual payments of \$454,618 with interest at .7241%, per annum are due until December 1, 2040.

The Food Bank formed the Foundation as a supporting organization and made a \$20,861,591 contribution to the Foundation. In conjunction with the financing arrangements, the Foundation provided a loan of \$20,833,437 to the Food Bank NMTC Investment Trust, LLC (an unaffiliated investment structure). The loan is evidenced by a promissory note from the Investment Trust LLC carrying an interest rate of 1% per annum payable annually starting on December 10, 2010, providing for amortization of the principal from December 10, 2017 to the maturity date of December 10, 2034 with the first principal payment being due on December 10, 2018, and secured by the interests of the Investment Trust LLC in the two lenders of the Food Bank mentioned in the first paragraph of this note.

In December 2017, the bank that owns the investment structure may put its interest in the investment structure to the Foundation for a put price of \$1,000. If the bank does not exercise its put right, the Foundation may call the bank's interest in the investment structure for a call price equal to the fair value of the investment. Exercise of the put or the call will provide the Foundation with ownership of the investment structure.

At June 30, 2011 the organizations had \$11,891,783 in cash restricted for various uses, in particular, the construction of the new distribution facility and debt service of notes payable.

5. LEASE COMMITMENTS

The Organizations lease various office equipment and warehouse vehicles under non-cancelable operating leases.

6. DONATED MATERIALS AND SERVICES

Donated services are recognized as contributions at their estimated value when they require a specialized skill, are provided by those with that specialized skill, and otherwise would have been purchased if they were not donated. Contributions of tangible assets are recognized at fair value when received. At the time a contribution is received and properly valued, the Organizations record an expense and an offsetting revenue transaction in their combined financial statements.

The following is a summary of donated materials and services, as reflected in both revenue and expenses, at June 30, 2011 and 2010:

	2011	2010
Program Services	\$ 111,014	\$ 25,357
Management and General	170,943	199,694
Fundraising	-	20,128
TOTAL DONATED MATERIALS AND SERVICES	\$ 281,957	\$ 245,179

**CAPITAL AREA FOOD BANK
CAPITAL AREA FOOD BANK FOUNDATION**

**NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2011**

7. RELATED PARTIES

Included among the Organizations' Board of Directors are volunteers from the Washington, D.C. metropolitan community, who provide valuable assistance to the Organizations in the development of policies and programs. Four members of the two Boards work for agencies, which have contributed to the support of the Organizations, or receive food distributions from the Organizations. One member of the board is a partner at a worldwide law firm that serves as the Organizations' general legal counsel on pro-bono basis and that served as the Organizations' paid legal counsel on the New Market Tax Credit financing transactions.

8. OTHER PROGRAMS

In addition to the food distributed directly by the Organizations to its member agencies and other food banks (see Note 9), an additional 4,384,817 pounds and 4,316,836 pounds of food were distributed through the Organizations' Sister Hook-Up Program during the year ending June 30, 2011 and 2010, respectively. The Sister Hook-Up Program facilitates the distribution of perishable food products directly to the Organizations' agencies. These agencies are eligible to receive the direct distribution of the perishable foods from the supermarkets through their membership and active status in good standing with the Organizations. The value of these food contributions is not included in the Organizations' combined financial statements.

9. IN-KIND FOOD CONTRIBUTIONS

The Organizations received 21,854,101 pounds and 20,506,108 pounds of donated food during the fiscal years ended June 30, 2011 and 2010, respectively. Accordingly, the value of the contributed food received by the Organizations during the fiscal years ended June 30, 2011 and 2010 totaled \$34,966,562 and \$32,399,649, respectively. The value of the donated food received has been recorded as in-kind food contributions revenue in the accompanying Combined Statement of Activities and Change in Net Assets during the years ended June 30, 2011 and 2010 as \$35,021,471 and \$32,419,848, respectively, which is stated net of the non-cash valuation gain of \$54,909 and \$20,199, respectively (see Note 10).

The Organizations distributed 24,975,320 pounds of food during the fiscal year ended June 30, 2011, of which 21,948,902 pounds, totaling \$35,118,244, had been donated. The Organizations distributed 23,050,277 pounds of food during the fiscal year ended June 30, 2010, of which 20,807,897 pounds, totaling \$32,876,477, had been donated.

During the years ended June 30, 2011 and 2010, less than 1% of the total food received was not distributed because the products were either unusable or spoiled. The value of the donated food distributed has been recorded as in-kind food contribution expense in the accompanying Combined Statement of Activities and Change in Net Assets during the years ended June 30, 2011 and 2010, as \$35,118,244 and \$32,876,477, respectively.

10. INVENTORY

Food donated to the Organizations is capitalized as inventory and recorded as an unrestricted in-kind contribution. Upon distribution, the food is recorded as an in-kind contribution expense. The inventory is valued at \$1.66 and \$1.60 per pound at June 30, 2011 and 2010, respectively, as determined by Feeding America.

**CAPITAL AREA FOOD BANK
CAPITAL AREA FOOD BANK FOUNDATION**

**NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2011**

10. INVENTORY (Continued)

The increase in food value per pound of \$0.06 from 2010 to 2011, resulted in a non-cash valuation gain of \$54,909 during the year ended June 30, 2011. The increase in food value per pound of \$0.02 from 2009 to 2010 resulted in a non-cash valuation gain of \$20,199 during the year ended June 30, 2010. The donated food inventory values are summarized as follows:

	<u>Pounds</u>	<u>Dollar Value</u>	<u>Total</u>
As of June 30, 2011	<u>915,148</u>	<u>\$ 1.66</u>	<u>\$ 1,519,145</u>
As of June 30, 2010	<u>1,009,948</u>	<u>\$ 1.60</u>	<u>\$ 1,615,918</u>

In addition to donated food, the Organizations also maintain an inventory of purchased food as follows:

	<u>Pounds</u>	<u>Total</u>
As of June 30, 2011	<u>204,859</u>	<u>\$ 349,313</u>
As of June 30, 2010	<u>342,842</u>	<u>\$ 336,191</u>

The Organizations purchased 2,888,435 pounds and 1,923,549 pounds of food during the fiscal year ended June 30, 2011 and 2010, respectively. The Organizations distributed 3,026,417 pounds of purchased food (totaling \$2,383,548) and 2,242,381 pounds of purchased food (totaling \$1,965,233) during the fiscal years ended June 30, 2011 and 2010, respectively.

11. PLEDGES RECEIVABLE

Pledges receivable reflect Capital Campaign (and other general operating time-restricted) commitments made to the Organizations by individuals and foundations. Pledges for which payments are to be received in future years have been discounted to their present value using an interest rate effective on the original date of award. The effect of the present value discount resulted in a decrease in pledges receivable of \$112,293 and \$31,945 as of June 30, 2011 and 2010, respectively. The following is a summary of the discounted pledges receivable, by year, as of June 30, 2011 and 2010:

<u>Year Ended June 30,</u>	<u>2011</u>	<u>2010</u>
2011	\$ -	\$ 2,316,542
2012	9,685,524	203,587
2013	1,030,100	30,100
2014	1,030,100	30,100
2015	30,100	30,100
2016	<u>90,000</u>	<u>90,000</u>
	11,865,824	2,700,429
Less: Current maturities	(9,685,524)	(2,316,542)
Less: Discount	<u>(112,293)</u>	<u>(31,945)</u>
TOTAL NONCURRENT PLEDGES RECEIVABLE	<u>\$ 2,068,007</u>	<u>\$ 351,942</u>

**CAPITAL AREA FOOD BANK
CAPITAL AREA FOOD BANK FOUNDATION**

**NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2011**

12. TEMPORARILY RESTRICTED NET ASSETS

As of June 30, 2011 and 2010, temporarily restricted net assets consisted of the following:

	<u>2011</u>	<u>2010</u>
Agency Relations/FEMA	\$ 340,681	\$ 186,876
Nutrition Education/Kids Cafe	206,771	169,771
Harvest for Health	-	15,000
Food Resources	-	22,000
Capital Campaign	18,810,144	10,923,281
Restricted for time	<u>5,416,208</u>	<u>194,669</u>
	<u>\$ 24,773,804</u>	<u>\$ 11,511,597</u>

The Capital Campaign temporarily restricted net assets balance of \$18,810,144 and \$10,923,281 at June 30, 2011 and 2010, respectively, includes \$6,003,907 and \$2,190,208, respectively, of renovation costs incurred in connection with the renovation of the warehouse located at 4900 Puerto Rico Avenue, N.E., Washington, D.C. The amortization of these renovation costs will occur when the warehouse is placed into service; therefore, the restricted Capital Campaign net assets will be released into unrestricted revenue in conjunction with the same amortization period (based on the estimated service life of the warehouse).

13. NET ASSETS RELEASED FROM RESTRICTIONS

The following is a summary of net assets, which were released from donor restrictions by incurring expenses in accordance with donor stipulations or through the passage of time.

	<u>2011</u>	<u>2010</u>
Agency Relations/FEMA	\$ 313,871	\$ 378,722
Nutrition Education/Kids Cafe	389,257	320,797
Warehouse	40,000	-
Fresh Produce	-	15,000
Integrated	84,480	-
Capital Campaign	378,658	421,260
Harvest for Health	27,186	65,500
Food Resources	22,000	2,000
Passage of time	<u>114,092</u>	<u>257,445</u>
	<u>\$ 1,369,544</u>	<u>\$ 1,460,724</u>

14. BOARD DESIGNATED NET ASSETS

As of June 30, 2011 and 2010, the Board designated net assets balance for capital improvements totaled \$395,672.

**CAPITAL AREA FOOD BANK
CAPITAL AREA FOOD BANK FOUNDATION**

**NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2011**

15. PENSION PLANS

The Organizations offer a Simplified Employee Pension (SEP) plan to full-time employees who have completed one full year of service. The Organizations contribute 10% of an employee's salary with a maximum of \$30,000 per year. Pension expense totaled \$295,817 and \$267,042 during the fiscal years ended June 30, 2011 and 2010, respectively. The Organizations also administer a 403(b) tax-deferred annuity plan on behalf of their employees. Employee contributions are permitted up to the limit established by the 403(b) IRS regulations. There were no employer contributions made during the fiscal years ended June 30, 2011 and 2010, respectively.

16. CONTINGENCY

The Organizations receive grants from various agencies of the United States Government. Such grants are subject to audit under the provisions of OMB Circular A-133. The ultimate determination of amounts received under the United States Government grants is based upon the allowance of costs reported to and accepted by the United States Government as a result of the audits. Audits in accordance with the provisions of OMB Circular A-133 have been completed for all required fiscal years through 2011.

Until such audits have been accepted by the United States Government, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits.

17. PURCHASE OF LAND, BUILDING AND FUTURE COMMITMENTS

On July 18, 2005, the Food Bank purchased an existing building at 4900 Puerto Rico Avenue, N.E., Washington, D.C. The total contract price of the land and building was \$10,350,000, with the land valued at \$8,098,875 and the building at \$2,251,125. The Organizations have begun to renovate the building and expect to put it into use by June 2012 as their primary distribution facility. The acquisition and renovation costs have been funded with the proceeds from the Capital Campaign and the New Market Tax Credit transactions.

On July 18, 2005, the Department of Housing and Community Development (DHCD) provided \$7,705,000 of financing in connection with the acquisition of the property. Under the terms of the agreement with DHCD, \$2,500,000 was forgiven during the year ended June 30, 2007 through the distribution of food products to D.C. member agencies. The remaining balance of \$5,205,000 is considered a 40-year deferred loan and is repayable only if the property is sold, the Food Bank moves away from the District of Columbia, or if it ceases to fulfill its principal mission.

In November 2010, the Food Bank entered into a construction contract with Turner Construction Company for the construction of the Food Bank's new distribution facility at the property mentioned above. The contract provides for a guaranteed maximum price of \$17,362,139 for construction costs. Construction commenced on April 2011 and is scheduled for completion in June 2012.

**CAPITAL AREA FOOD BANK
CAPITAL AREA FOOD BANK FOUNDATION**

**NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2011**

18. FAIR VALUE MEASUREMENTS

In accordance with FASB ASC 820, *Fair Value Measurements and Disclosures*, the Organizations have categorized their financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Financial instruments recorded in the Combined Statement of Financial Position are categorized based on the inputs to valuation techniques as follows:

Level 1. These are financial instruments where values are based on unadjusted quoted prices for identical assets in an active market the Organizations have the ability to access.

Level 2. These are financial instruments where values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full-term of the financial instruments.

Level 3. These are financial instruments where values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect assumptions of management about assumptions market participants would use in pricing the financial instruments. These financial instruments include non-readily marketable securities that do not have an active market.

Financial assets recorded in the Combined Statement of Financial Position are categorized based on the inputs to the valuation technique as follows for the year ended June 30, 2011:

Asset Category:	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money Market Funds and Bonds	\$ 1,353,429	\$ -	\$ -	\$ 1,353,429
Inventory	<u>-</u>	<u>-</u>	<u>1,868,458</u>	<u>1,868,458</u>
TOTAL	<u>\$ 1,353,429</u>	<u>\$ -</u>	<u>\$ 1,868,458</u>	<u>\$ 3,221,887</u>

Level 3 Financial Assets

The following table provides a summary of changes in fair value of the Organizations' inventory classified as Level 3 for the year ended June 30, 2011:

	<u>Inventory</u>
Beginning balance as of June 30, 2010	\$ 1,952,109
Increase in valuation of donated inventory	54,909
Purchases of inventory	2,385,273
Receipt of donated inventory	34,966,562
Sales and distributions of inventory	<u>(37,490,395)</u>
BALANCE AS OF JUNE 30, 2011	<u>\$ 1,868,458</u>

**CAPITAL AREA FOOD BANK
CAPITAL AREA FOOD BANK FOUNDATION**

**NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2011**

18. FAIR VALUE MEASUREMENTS (Continued)

Financial assets recorded in the Combined Statement of Financial Position are categorized based on the inputs to the valuation technique as follows for the year ended June 30, 2010:

Asset Category:	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money Market Funds and Bonds	\$ 2,297,078	\$ -	\$ -	\$ 2,297,078
Inventory	<u>-</u>	<u>-</u>	<u>1,952,109</u>	<u>1,952,109</u>
TOTAL	<u>\$ 2,297,078</u>	<u>\$ -</u>	<u>\$ 1,952,109</u>	<u>\$ 4,249,187</u>

Level 3 Financial Assets

The following table provides a summary of changes in fair value of the Organizations' inventory classified as Level 3 for the year ended June 30, 2010:

	<u>Inventory</u>
Beginning balance as of June 30, 2009	\$ 2,673,961
Increase in valuation of donated inventory	20,199
Purchases of inventory	1,965,233
Receipt of donated inventory	32,399,649
Sales and distributions of inventory	<u>(35,106,933)</u>
BALANCE AS OF JUNE 30, 2010	<u>\$ 1,952,109</u>

19. CAPITAL CAMPAIGN EXPENSES

During the years ended June 30, 2011 and 2010, the Organizations incurred \$378,658 and \$421,260, respectively, of expenses in conjunction with the Capital Campaign.

20. SUBSEQUENT EVENTS

In preparing these combined financial statements, the Organizations have evaluated events and transactions for potential recognition or disclosure through October 31, 2011, the date the combined financial statements were issued.



GELMAN, ROSENBERG & FREEDMAN
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL
FINANCIAL INFORMATION**

To the Board of Directors
Capital Area Food Bank
Capital Area Food Bank Foundation
Washington, D.C.

Our report on our audit of the basic combined financial statements of the Capital Area Food Bank and Capital Area Food Bank Foundation appears on page 2. Our audit was conducted for the purpose of forming an opinion on the basic combined financial statements taken as a whole. The information in Schedules 1 through 3 is presented for the purpose of additional analysis of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the combined financial statements and, in our opinion, is fairly stated in all material respects in relation to the combined financial statements taken as a whole.

Gelman Rosenberg & Freedman

October 31, 2011

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**CAPITAL AREA FOOD BANK
CAPITAL AREA FOOD BANK FOUNDATION**

**COMBINING SCHEDULE OF FINANCIAL POSITION
AS OF JUNE 30, 2011**

	ASSETS			
	<u>Capital Area Food Bank</u>	<u>Capital Area Food Bank Foundation</u>	<u>Eliminations</u>	<u>Total</u>
CURRENT ASSETS				
Cash and cash equivalents	\$ 6,368,851	\$ 7,318	\$ -	\$ 6,376,169
Restricted cash, current portion	11,891,783	-	-	11,891,783
Investments	1,353,429	-	-	1,353,429
Accounts receivable	284,686	-	-	284,686
Pledges receivable, current portion	9,685,524	-	-	9,685,524
Contributions and other receivables	351,286	-	-	351,286
Inventory	1,868,458	-	-	1,868,458
Prepaid expenses	<u>90,947</u>	<u>-</u>	<u>-</u>	<u>90,947</u>
Total current assets	<u>31,894,964</u>	<u>7,318</u>	<u>-</u>	<u>31,902,282</u>
PROPERTY AND EQUIPMENT				
Land	9,289,775	-	-	9,289,775
Warehouse and improvements	5,346,301	-	-	5,346,301
Warehouse equipment	609,429	-	-	609,429
Construction in progress	6,003,907	-	-	6,003,907
Computer and office equipment	198,574	-	-	198,574
Vehicles	<u>397,309</u>	<u>-</u>	<u>-</u>	<u>397,309</u>
	21,845,295	-	-	21,845,295
Less: Accumulated depreciation and amortization	<u>(3,569,816)</u>	<u>-</u>	<u>-</u>	<u>(3,569,816)</u>
Net property and equipment	<u>18,275,479</u>	<u>-</u>	<u>-</u>	<u>18,275,479</u>
NONCURRENT ASSETS				
Restricted cash, net of current portion	804,309	-	-	804,309
Deferred financing costs	888,009	-	-	888,009
Pledges receivable, net of current portion	2,068,007	-	-	2,068,007
Note receivable	<u>-</u>	<u>20,833,437</u>	<u>-</u>	<u>20,833,437</u>
Total noncurrent assets	<u>3,760,325</u>	<u>20,833,437</u>	<u>-</u>	<u>24,593,762</u>
TOTAL ASSETS	<u>\$ 53,930,768</u>	<u>\$ 20,840,755</u>	<u>\$ -</u>	<u>\$ 74,771,523</u>

LIABILITIES AND NET ASSETS

	<u>Capital Area Food Bank</u>	<u>Capital Area Food Bank Foundation</u>	<u>Eliminations</u>	<u>Total</u>
CURRENT LIABILITIES				
Accounts payable	\$ 2,163,765	\$ -	\$ -	\$ 2,163,765
Accrued salaries and related benefits	241,004	-	-	241,004
Accrued vacation	111,703	-	-	111,703
Interest payable	<u>121,651</u>	<u>-</u>	<u>-</u>	<u>121,651</u>
Total current liabilities	<u>2,638,123</u>	<u>-</u>	<u>-</u>	<u>2,638,123</u>
LONG-TERM LIABILITIES				
Note payable - DHCD	5,205,000	-	-	5,205,000
Notes payable - Other	<u>28,800,000</u>	<u>-</u>	<u>-</u>	<u>28,800,000</u>
Total long-term liabilities	<u>34,005,000</u>	<u>-</u>	<u>-</u>	<u>34,005,000</u>
Total liabilities	<u>36,643,123</u>	<u>-</u>	<u>-</u>	<u>36,643,123</u>
NET ASSETS				
Unrestricted:				
Undesignated	(7,881,831)	20,840,755	-	12,958,924
Board designated	<u>395,672</u>	<u>-</u>	<u>-</u>	<u>395,672</u>
Total unrestricted	(7,486,159)	20,840,755	-	13,354,596
Temporarily restricted	<u>24,773,804</u>	<u>-</u>	<u>-</u>	<u>24,773,804</u>
Total net assets	<u>17,287,645</u>	<u>20,840,755</u>	<u>-</u>	<u>38,128,400</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 53,930,768</u>	<u>\$ 20,840,755</u>	<u>\$ -</u>	<u>\$ 74,771,523</u>

**CAPITAL AREA FOOD BANK
CAPITAL AREA FOOD BANK FOUNDATION**

**COMBINING SCHEDULE OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Capital Area Food Bank</u>	<u>Capital Area Food Bank Foundation</u>	<u>Eliminations</u>	<u>Total</u>
UNRESTRICTED SUPPORT AND REVENUE				
Contributions and grants	\$ 8,329,083	\$ -	\$ -	\$ 8,329,083
In-kind food contributions	35,021,471	-	-	35,021,471
Donated materials and services	281,957	-	-	281,957
Program service fees	3,608,141	-	-	3,608,141
Investment income	7,843	7,523	-	15,366
Other income	14,793	-	-	14,793
Other revenue	-	20,861,591	(20,861,591)	-
Net assets released from donor restrictions	<u>1,369,544</u>	<u>-</u>	<u>-</u>	<u>1,369,544</u>
Total unrestricted support and revenue	<u>48,632,832</u>	<u>20,869,114</u>	<u>(20,861,591)</u>	<u>48,640,355</u>
EXPENSES				
Program Services:				
Collection and distribution of food	<u>45,344,781</u>	<u>-</u>	<u>-</u>	<u>45,344,781</u>
Supporting Services:				
Management and General	1,479,798	28,359	-	1,508,157
Fundraising	1,362,614	-	-	1,362,614
Capital campaign	<u>378,658</u>	<u>-</u>	<u>-</u>	<u>378,658</u>
Total supporting services	<u>3,221,070</u>	<u>28,359</u>	<u>-</u>	<u>3,249,429</u>
Total expenses	<u>48,565,851</u>	<u>28,359</u>	<u>-</u>	<u>48,594,210</u>
Change in unrestricted net assets before other item	66,981	20,840,755	(20,861,591)	46,145
OTHER ITEM				
Contribution to the Foundation	<u>20,861,591</u>	<u>-</u>	<u>(20,861,591)</u>	<u>-</u>
Change in unrestricted net assets	<u>(20,794,610)</u>	<u>20,840,755</u>	<u>-</u>	<u>46,145</u>
TEMPORARILY RESTRICTED SUPPORT AND REVENUE				
Contributions and grants	6,366,231	-	-	6,366,231
Capital campaign contributions	8,265,520	-	-	8,265,520
Net assets released from donor restrictions	<u>(1,369,544)</u>	<u>-</u>	<u>-</u>	<u>(1,369,544)</u>
Change in temporarily restricted net assets	<u>13,262,207</u>	<u>-</u>	<u>-</u>	<u>13,262,207</u>
CHANGE IN NET ASSETS	<u>\$ (7,532,403)</u>	<u>\$ 20,840,755</u>	<u>\$ -</u>	<u>\$ 13,308,352</u>

**CAPITAL AREA FOOD BANK
CAPITAL AREA FOOD BANK FOUNDATION**

**COMBINING SCHEDULE OF CHANGE IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Capital Area Food Bank</u>	<u>Capital Area Food Bank Foundation</u>	<u>Eliminations</u>	<u>Total</u>
UNRESTRICTED NET ASSETS				
Net assets at beginning of year	\$ 13,308,451	\$ -	\$ -	\$ 13,308,451
Change in unrestricted net assets	<u>(20,794,610)</u>	<u>20,840,755</u>	<u>-</u>	<u>46,145</u>
NET ASSETS AT END OF YEAR	<u>\$ (7,486,159)</u>	<u>\$ 20,840,755</u>	<u>\$ -</u>	<u>\$ 13,354,596</u>
TEMPORARILY RESTRICTED NET ASSETS				
Net assets at beginning of year	\$ 11,511,597	\$ -	\$ -	\$ 11,511,597
Change in temporarily restricted net assets	<u>13,262,207</u>	<u>-</u>	<u>-</u>	<u>13,262,207</u>
NET ASSETS AT END OF YEAR	<u>\$ 24,773,804</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,773,804</u>