

LOS ANGELES REGIONAL



Fighting Hunger. Giving Hope.

FINANCIAL STATEMENTS

**For the Year Ended December 31, 2009
(With Independent Auditor's Report Thereon)**

LOS ANGELES REGIONAL FOODBANK
(A NONPROFIT ORGANIZATION)
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December 31, 2009

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Los Angeles Regional Foodbank
Los Angeles, California

We have audited the accompanying statement of financial position of Los Angeles Regional Foodbank (a nonprofit organization) (the "Foodbank") as of December 31, 2009 and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Foodbank's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year's summarized comparative information has been derived from the Foodbank's 2008 financial statements, and, in our report dated April 21, 2009, we expressed an unqualified opinion on those financial 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Los Angeles Regional Foodbank as of December 31, 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 16, 2010 on our consideration of Los Angeles Regional Foodbank's internal control over financial reporting and 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.



SingerLewak LLP

Los Angeles, California
April 16, 2010

LOS ANGELES REGIONAL FOODBANK
(A NONPROFIT ORGANIZATION)
STATEMENT OF FINANCIAL POSITION
December 31, 2009
(with Comparative Totals for 2008)

ASSETS		
	2009	2008
Assets		
Cash and cash equivalents (Note 3)	\$ 2,086,080	\$ 1,943,589
Short-term investments (Note 3)	1,800,000	885,000
Receivables from government agencies (Note 4)	405,615	584,183
Receivables from affiliated charities and others, net (Note 5)	261,050	279,787
Pledges receivable (Note 6)	73,915	144,014
Food inventory (Notes 2 and 7)	3,681,472	3,304,212
Prepaid expenses	379,346	282,881
Property and equipment, net (Note 8)	4,573,737	4,676,942
Total assets	\$ 13,261,215	\$ 12,100,608

LIABILITIES AND NET ASSETS

Liabilities		
Accounts payable and accrued expense	\$ 597,367	\$ 486,440
Total liabilities	597,367	486,440
Commitments and contingencies (Note 13)		
Net assets (Note 10)		
Unrestricted		
Available for operations	4,132,015	4,335,580
Board-designated	2,219,303	1,419,303
Investment in property and equipment, net	4,573,737	4,676,942
Total unrestricted	10,925,055	10,431,825
Temporarily restricted	1,628,793	1,072,343
Permanently restricted	110,000	110,000
Total net assets	12,663,848	11,614,168
Total liabilities and net assets	\$ 13,261,215	\$ 12,100,608

The accompanying notes are an integral part of these financial statements.

LOS ANGELES REGIONAL FOODBANK
(A NONPROFIT ORGANIZATION)
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2009
(with Comparative Totals for 2008)

	2009			Total 2008
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Public support and revenue				
Contributions	\$ 5,457,510	\$ 3,118,772	\$ -	\$ 8,576,282
Shared maintenance fees (Note 11)	1,251,402	-	-	1,251,402
Payments under government contracts	3,424,043	-	-	3,424,043
Shop Smart & Save income	1,235,749	-	-	1,235,749
Special events, net of direct benefit expense totaling \$100,847	185,526	-	-	185,526
Interest income	19,659	-	-	19,659
Other income	110,536	-	-	110,536
Subtotal	11,684,425	3,118,772	-	14,803,197
Contributed goods (Note 2)	44,819,598	-	-	44,819,598
Contributed services (Note 2)	149,410	-	-	149,410
Total public support and revenue	56,653,433	3,118,772	-	59,772,205
Net assets released from restrictions	2,562,322	(2,562,322)	-	-
Total public support and revenue and Commitm net assets released from restrictions	59,215,755	556,450	-	59,772,205
Functional expenses				
Program services				
General food distribution	20,050,485	-	-	20,050,485
Food Rescue Program	452,968	-	-	452,968
Federal Emergency Management Agency Progra	494,822	-	-	494,822
Federal Emergency Management Agency Progra	625,898	-	-	625,898
USDA – EFAP Program	13,376,735	-	-	13,376,735
USDA – CSFP Program	3,040,784	-	-	3,040,784
Food Stamp Outreach and Nutrition Education F	149,660	-	-	149,660
USDA – SFSP and CAFP Kids Cafe Programs	788,053	-	-	788,053
Produce and Perishables Program	13,674,091	-	-	13,674,091
Brown Bag Program	1,906,380	-	-	1,906,380
Backpack Program	350,674	-	-	350,674
Product Donations and Extra Helpings Program	1,791,571	-	-	1,791,571
Total program services	56,702,121	-	-	56,702,121
Supporting services				
General and administrative	866,611	-	-	866,611
Fundraising	1,153,793	-	-	1,153,793
Total supporting services	2,020,404	-	-	2,020,404
Total functional expenses	58,722,525	-	-	58,722,525
Change in net assets	493,230	556,450	-	1,049,680
Net assets at beginning of year	10,431,825	1,072,343	110,000	11,614,168
Net assets at end of year	\$ 10,925,055	\$ 1,628,793	\$ 110,000	\$ 12,663,848
	\$ 11,614,168			

The accompanying notes are an integral part of these financial statements.

LOS ANGELES REGIONAL FOODBANK
(A NONPROFIT ORGANIZATION)
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2009
(with Comparative Totals for 2008)

	Program Services												Supporting Services			Totals		
	General Food Distribution	Food Rescue Program	Federal Emergency Management Agency Program	Federal Emergency Management Agency Program – ARRA	USDA – EFAP Program	USDA – CSFP Program	Food Stamp Outreach Nutrition Education Program	USDA – SFSP and CAFSP Kids Café Programs	Produce and Perishables Program	Brown Bag Program	Product Donations Extra Program	Backpack Program	Total Program	General and Administrative	Fundraising	Total	2009	2008
Food	\$ 15,781,214	\$ -	\$ 494,822	\$ 621,898	\$ 12,289,412	\$ 2,464,245	\$ -	\$ 615,830	\$ 13,160,889	\$ 1,626,579	\$ 1,528,960	\$ 306,559	\$ 48,890,408	\$ -	\$ -	\$ -	\$ 48,890,408	\$ 38,311,713
Salaries and related expenditures	2,355,271	250,762	-	4,000	794,635	309,911	131,756	81,063	192,272	165,554	96,498	29,748	4,411,470	601,888	499,341	1,101,229	5,512,699	4,278,107
Warehouse rental	414,276	19,720	-	-	99,493	23,064	1,159	2,343	534	30,533	31,672	-	622,794	74,023	12,381	86,404	709,198	604,850
Utilities	79,604	87,208	-	-	20,504	57,742	-	-	36,033	9,917	12,876	-	303,884	19,834	5,234	25,068	328,952	304,139
Insurance	42,994	-	-	-	39,146	126,583	-	-	-	6,368	12,736	-	227,827	12,736	10,189	22,925	250,752	312,624
Repairs and maintenance	128,403	37,118	-	-	91,931	9,475	-	-	3,552	14,098	10,124	-	294,701	28,196	8,099	36,295	330,996	364,220
Auto and truck	69,514	-	-	-	6,981	24,649	10,558	4,282	9,970	7,033	11,733	615	145,335	14,165	780	14,945	160,280	148,077
Freight	48,906	-	-	-	-	-	(9,059)	84,113	204,141	3,659	7,308	-	339,068	5,411	5,847	11,258	350,326	590,513
Travel	9,978	-	-	-	-	39	2,449	-	-	620	1,260	-	14,346	1,279	1,017	2,296	16,642	16,244
Telephone	41,920	-	-	-	-	1,542	-	-	-	3,104	6,249	-	52,815	8,969	2,279	11,248	64,063	59,038
Office and supplies	9,713	134	-	-	17,631	2,219	7,269	360	4,832	14,619	28,131	13,716	98,624	33,922	550,216	584,138	682,762	511,858
Volunteer lunches and conference	37,876	-	-	-	-	201	651	-	-	2,563	5,112	22	46,425	5,126	4,090	9,216	55,641	41,412
Professional services	309,518	13,489	-	-	9,859	10,975	-	-	61,868	11,560	21,000	-	438,269	23,121	19,412	42,533	480,802	296,470
Second Harvest assessment fee	97,740	-	-	-	-	-	-	-	-	-	-	-	97,740	-	-	-	97,740	107,057
Miscellaneous	244,070	-	-	-	7,143	-	4,877	62	-	10,173	17,912	14	284,251	37,941	34,908	72,849	357,100	301,126
Total expenses before depreciation	19,670,997	408,431	494,822	625,898	13,376,735	3,030,645	149,660	788,053	13,674,091	1,906,380	1,791,571	350,674	56,267,957	866,611	1,153,793	2,020,404	58,288,361	46,247,448
Depreciation	379,488	44,537	-	-	-	10,139	-	-	-	-	-	-	434,164	-	-	-	434,164	446,516
Total functional expenses	\$ 20,050,485	\$ 452,968	\$ 494,822	\$ 625,898	\$ 13,376,735	\$ 3,040,784	\$ 149,660	\$ 788,053	\$ 13,674,091	\$ 1,906,380	\$ 1,791,571	\$ 350,674	\$ 56,702,121	\$ 866,611	\$ 1,153,793	\$ 2,020,404	\$ 58,722,525	\$ 46,693,964

The accompanying notes are an integral part of these financial statements.

LOS ANGELES REGIONAL FOODBANK
(A NONPROFIT ORGANIZATION)
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2009
(with Comparative Totals for 2008)

	2009	2008
Cash flows from operating activities		
Change in net assets	\$ 1,049,680	\$ 214,811
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	434,164	446,516
Loss on disposal of property and equipment, net	-	3,960
Changes in operating assets and liabilities		
Receivables from government agencies	178,568	(232,805)
Receivables from affiliated charities and others	18,737	(27,119)
Pledges receivable	70,099	53,553
Food inventory	(377,260)	(134,052)
Prepaid expenses	(96,465)	(46,923)
Accounts payable and accrued expense	110,927	(317,785)
Net cash provided by (used in) operating activities	1,388,450	(39,844)
Cash flows from investing activities		
Purchases of short-term investments	(1,800,000)	(885,000)
Proceeds from short-term investments	885,000	2,135,220
Co Purchases of property and equipment	(330,959)	(374,631)
Proceeds from sale of property and equipment	-	540
Net cash provided by (used in) investing activities	(1,245,959)	876,129
Net increase in cash and cash equivalents	142,491	836,285
Cash and cash equivalents, beginning of year	1,943,589	1,107,304
Cash and cash equivalents, end of year	\$ 2,086,080	\$ 1,943,589

The accompanying notes are an integral part of these financial statements.

LOS ANGELES REGIONAL FOODBANK
(A NONPROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
December 31, 2009

NOTE 1 – ORGANIZATION

The Los Angeles Regional Foodbank (the “Foodbank”) is a nonprofit organization with the mission to mobilize resources to fight hunger in our community. The core work of the Foodbank is the collection and distribution of donated food and other grocery products to charitable agencies in Los Angeles County serving low-income and needy people. The Foodbank supplements donated food and products with the purchase of specific food and grocery items. The Foodbank also conducts hunger research and participates in hunger awareness campaigns in order to educate and inform the public regarding the problem of hunger. The Foodbank is affiliated with Feeding America (formerly America’s Second Harvest – the Nation’s Food Bank Network).

The following are the primary programs of the Foodbank:

- General Food Distribution is the Foodbank’s core program and includes the distribution of food and products to charitable agencies located throughout Los Angeles County. Part of General Food Distribution is the *Food for Families Program*, which helps agencies helping low-income families, including families with young children, obtain food from the Foodbank. *The Children and Youth Program* helps agencies serving hungry children, infants and adolescents who are low-income or disabled. *Shop Smart & Save* is a food-buying service where the Foodbank allows the agencies to maximize their purchasing power by offering food and other items at wholesale prices. Financial donations made to *the Emergency Food Fund Program* allow the Foodbank to purchase rarely contributed but vitally needed food staples such as pinto beans, canned tuna, fruits and vegetables.
- The Food Rescue Program is designed to sort salvage donations from local retailers. Products from the Food Rescue Program are distributed to Foodbank agencies and to other Feeding America food banks.

The Foodbank obtains funding from the following contracts with government agencies:

- The Emergency Food and Shelter National Board/Federal Emergency Management Agency Program and American Reinvestment and Recovery Act (FEMA and FEMA ARRA) are federal funds that are allocated to the Foodbank through the Los Angeles County Emergency Food and Shelter Board. The funds are utilized for the purchase of food for distribution to qualified agencies.
- The Emergency Food Assistance Program (“EFAP”) provides emergency food assistance to residents of Los Angeles County through qualified agencies and is partially funded by the United States Department of Agriculture (“USDA”) through its agent, the California Department of Social Services.

LOS ANGELES REGIONAL FOODBANK
(A NONPROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
December 31, 2009

NOTE 1 – ORGANIZATION (Continued)

- The Commodity Supplemental Food Program (“CSFP”) allows the Foodbank to distribute supplemental food to individuals who are especially vulnerable to health problems resulting from general and continued hunger due to insufficient foods, namely infants, preschool children, women during and 12 months after pregnancy, and the elderly. CSFP is partially funded by the USDA through its agent, the California Department of Education.
- The Food Stamp Outreach Program and Nutrition Education Program are funded by the USDA – California Department of Health Services, Cancer Prevention and Nutrition Section, through its agents, the California Nutrition Network and California Association of Foodbanks. Food Stamp Outreach work includes education to food pantries to provide food stamp resources and information to their clients, including conducting informational meetings. The Nutrition Education Program provides nutrition education classes and nutritious recipes utilizing USDA commodities for Kids Cafe™ sites, food pantries and on-site feeding facilities in Los Angeles County.
- Kids Cafe™, USDA Summer Food Service Program (“SFSP”) and USDA Child and Adult Food Program (“CAFP”) provide nutritious meals and snacks to needy children in a safe and nurturing setting. Children in the Kids Cafe™ program typically receive tutoring assistance, participate in sports and benefit from mentoring. Participating agencies include after-school programs, day care centers, community centers and youth centers. The Kids Cafe™ program, run by the Foodbank, is part of a national network of similar programs run by other Feeding America food banks. The SFSP is designed to provide funding for a nutritious lunch when children are on their summer recess. SFSP funding offsets some of the meal and other costs incurred by children receiving meals at Kids Cafe™ program sites. CAFP funding offsets some of the food and other costs incurred by children receiving healthy snacks at Kids Cafe™ program sites. Both the SFSP and CAFP are funded by the USDA and administered by the California Department of Education. Funding of other Kids Cafe™ program-related expenses is provided by grants and community support.

Other non-governmental programs at the Foodbank include:

- Produce and Perishables Program distributes a variety of fresh, nutritious and healthy produce donated through local and regional produce distributors and growers to its agencies year-round. The produce and perishables are distributed through the Rapid Food distribution program, agency delivery, agency drive-through and front dock programs. Grant funding currently allows this program to be provided at no charge to agencies
- The Backpack Program can be best described as “backpack-food-children-weekend.” The program provides a backpack of healthy, nutritious food for eligible school-aged children for the weekend. Each backpack contains enough food for 6 meals to include breakfast, lunch and dinner. The program is fully funded by non-government grants.

LOS ANGELES REGIONAL FOODBANK
(A NONPROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
December 31, 2009

NOTE 1 – ORGANIZATION (Continued)

- Product Donations and Extra Helpings is a food recovery program, developed in cooperation with the California Restaurant Association and the Los Angeles County Department of Health Services to facilitate the contribution of food from restaurants, hotels and the hospitality industry to charitable agencies. It includes a brokered program and Extra Helpings bread program.
- The Brown Bag Program provides agencies serving senior citizens the opportunity to receive and distribute fresh fruits, vegetables and other foods to low-income elderly persons.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Foodbank recognizes contributions, including unconditional promises to give, as revenue in the period received. Revenues, gains, expenses and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foodbank and changes therein are classified and reported as follows:

- Unrestricted net assets – represent the portion of expendable funds that are available for support of the operations of the Foodbank and are not subject to donor-imposed stipulations.
- Temporarily restricted net assets – consist of contributions that are restricted for use in specified programs or whose restrictions expire with the passage of time. The Foodbank records temporarily restricted cash contributions that are received and expended in the same year as temporarily restricted revenue. As the donor restrictions are satisfied, net assets are released from restrictions.
- Permanently restricted net assets – comprise funds that are subject to restrictions that the principal be maintained in perpetuity and invested for the purpose of producing present and future income that may be expended by the Foodbank. The Endowment Fund has a balance of \$110,000 as of December 31, 2009.

Basis of Accounting

The financial statements are presented utilizing the accrual basis of accounting.

LOS ANGELES REGIONAL FOODBANK
(A NONPROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
December 31, 2009

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Comparative Financial Information for 2008

The financial statements include certain prior-year summarized comparative financial information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Foodbank's financial statements for the year ended December 31, 2008, from which the summarized information was derived.

Cash and Cash Equivalents

Cash and cash equivalents include cash and deposits in banks, money market accounts, and certificates of deposit maturing within 90 days of the original purchase date.

Short-term Investments

Short-term investments consist of certificate of deposits stated at fair value.

Property and Equipment

Property and equipment are stated at cost or, for contributed items, at fair market value at date of donation. Depreciation is computed on the straight-line basis over the estimated useful lives of the assets, which range from three to five years for equipment, trucks, furniture and fixtures, seven years for cold storage, and 30 years for the building. The Foodbank's capitalization policy is to capitalize all fixed assets over \$1,000.

The Foodbank reviews property and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of property and equipment may not be recoverable. Recoverability is measured by a comparison of the amount of the asset to future net cash flows, undiscounted and without interest, expected to be generated by the asset. If such asset is considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds the fair market value of the asset. During 2009, there were no events or changes in circumstances indicating that the carrying amount of property and equipment may not be recoverable.

Contributed Goods

The Foodbank receives a significant amount of contributed food inventory that is recorded in the accompanying financial statements as unrestricted contributions, net of amounts related to food that is unusable or spoiled when received. One of the major sources of contributed food is the USDA, which allocates food commodities to the Foodbank under the Emergency Food Assistance Program and Commodity Supplemental Food Program.

Under these programs, food commodities are distributed without cost to all eligible recipients within the approved service areas. Upon distribution, the food is recorded as a decrease in unrestricted net assets.

LOS ANGELES REGIONAL FOODBANK
(A NONPROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
December 31, 2009

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributed Goods (Continued)

The Foodbank records contributed food received from the USDA based on actual food prices provided by the USDA. During the year ended December 31, 2009, the USDA Emergency Food Assistance Program food product prices averaged \$0.55 per pound and USDA Commodity Supplemental Food Program food product prices averaged \$1.07 per pound.

All other contributed food items are valued using a weighted average price per pound determined using studies commissioned by Feeding America, the nation's largest nongovernmental food distribution program. For the year ended December 31, 2009, the weighted average value for contributed food was \$1.25 per pound (\$1.35 per pound in 2008). The total net value of contributed food for the year ended December 31, 2009 was \$44,819,598.

Contributed Services

Contributed services are recognized by the Foodbank if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. The fair value of such services totaled \$149,410.

The Foodbank also receives a significant amount of contributed time from volunteers that does not meet the two recognition criteria described above. Accordingly, the value of this contributed time is not reflected in the accompanying financial statements.

Purchased Inventory

Purchased inventory is stated at cost using the first-in, first-out method.

Leases

Assets financed by capital leases and the related obligations under capital leases are recorded at the beginning of the lease term at the lower of the present value of the minimum lease payments or the fair value of the assets.

Functional Allocation of Expenses

The costs of providing the Foodbank's various programs and other activities have been summarized on a functional basis in the statement of activities and detailed in the statement of functional expenses. Certain costs have been allocated among the programs and supporting services benefited based on management's estimates.

Use of Estimates

The preparation of financial statements 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 financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

LOS ANGELES REGIONAL FOODBANK
(A NONPROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
December 31, 2009

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

Los Angeles Regional Foodbank is exempt from income taxes under Internal Revenue Code Section 501(c)(3) and Section 23701(d) of the California Revenue and Taxation Code. Accordingly, a provision for Federal or state income taxes is not recorded in the accompanying financial statements. The Foodbank is classified as an organization that is not a private foundation under Section 509(a)(i) and 170(b)(a)(vi) of the Internal Revenue Code.

Concentrations of Credit Risk

Financial instruments that potentially subject Los Angeles Regional Foodbank to concentrations of credit risk consist of cash and cash equivalents and grants and contracts receivable. The Foodbank places its cash and cash equivalents with high-credit, quality financial institutions. The Foodbank invests in short-term certificates of deposit of no more than the FDIC insured amount of \$250,000 each at various financial institutions. The Foodbank has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents or its investments at the banks. With respect to grants and contracts receivable, the Foodbank routinely assesses the financial strength of its grantors and, as a consequence, believes that the receivable credit risk exposure is limited.

Recently Adopted Accounting Pronouncement

In June 2009, the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) No. 105-10, “Generally Accepted Accounting Principles,” was issued. Effective for the Foodbank’s annual reporting periods ending after September 15, 2009, the *FASB Accounting Standards Codification* (“Codification” or “ASC”) is the source of authoritative US GAAP recognized by the FASB to be applied by nongovernmental entities. The Codification supersedes all then-existing, non-SEC accounting and reporting standards. In the FASB’s view, the Codification does not change GAAP, and therefore the adoption of FASB ASC 105-10, “Generally Accepted Accounting Principles,” did not have an effect on the Foodbank’s statements of financial position, activities or cash flows. However, where the Foodbank has referred to specific authoritative accounting literature, the Codification is disclosed.

In May 2009, ASC 855, “Subsequent Events,” previously known as Statement of Financial Accounting Standards (“SFAS”) No. 165, “Subsequent Events,” was issued. ASC 855 provides general standards of accounting for and disclosure of events that occur after the statement of financial position date but before financial statements are issued or are available to be issued. The Foodbank adopted ASC 855 during the year ended December 31, 2009 and it did not have a material impact on the financial statements. The subsequent events have been evaluated through April 16, 2010, which is the date the financial statements were available to be issued.

LOS ANGELES REGIONAL FOODBANK
(A NONPROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
December 31, 2009

NOTE 3 – CASH AND CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS

Cash, cash equivalents and short-term investments are designated and restricted as follows:

	2009	2008
Available for operations	\$ 6,102	\$ 370,959
Board-designated operating reserve	2,100,000	1,300,000
Board-designated capital asset reserve	50,000	50,000
Board-designated primary endowment	69,303	69,303
Temporarily restricted	1,550,675	943,327
Permanently restricted	110,000	95,000
Total	\$ 3,886,080	\$ 2,828,589
Cash and cash equivalents	\$ 2,086,080	\$ 1,943,589
Short-term investments	1,800,000	885,000
Total	\$ 3,886,080	\$ 2,828,589

The short-term investments are various certificates of deposit of no more than \$250,000 at various FDIC insured financial institutions with staggered maturities of less than one year. The Foodbank considers all its cash equivalents and short-term investments in Level 1 of the fair value hierarchy, measured at fair value on a recurring basis as of December 31, 2009.

NOTE 4 – RECEIVABLES FROM GOVERNMENT AGENCIES

Receivables from government agencies at December 31, 2009 consisted of amounts due from the following agencies:

Department of Social Services Emergency Food Assistance Program	\$ 186,384
Department of Education Child Nutrition and Food Distribution Division	
Commodity Supplemental Food Program	120,224
Department of Health Services Food Stamps and Nutrition Education	27,319
Federal Emergency Management Agency, passed through United Way –	
Emergency Food and Shelter National Board Program and ARRA	3,996
Department of Education Summer Food Service Program and Child Adult	
Food Program	67,692
Total	\$ 405,615

LOS ANGELES REGIONAL FOODBANK
(A NONPROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
December 31, 2009

NOTE 5 – RECEIVABLES FROM AFFILIATED CHARITIES AND OTHERS

Receivables from affiliated agencies consisted of the following:

Shared maintenance fees	\$ 273,319
Less allowance for doubtful accounts	<u>(12,269)</u>
Net	<u>\$ 261,050</u>

NOTE 6 – PLEDGES RECEIVABLE

Pledges receivables, totaling \$73,915 at December 31, 2009, are from various individuals and organizations. Management anticipates collection within one year. No allowance for potentially uncollectible pledges was deemed necessary at December 31, 2009.

NOTE 7 – FOOD INVENTORY

The food inventory consisted of the following:

	Dollar Value			
	Contributed	Purchased	2009 Total	2008 Total
Balance at January 1	\$ 2,964,597	\$ 339,615	\$ 3,304,212	\$ 3,170,160
Receipts, net of destruction of \$4,802,984	44,819,598	3,663,580	48,483,178	38,445,765
Distributions	<u>(44,908,570)</u>	<u>(3,197,348)</u>	<u>(48,105,918)</u>	<u>(38,311,713)</u>
Balance at December 31	<u>\$ 2,875,625</u>	<u>\$ 805,847</u>	<u>\$ 3,681,472</u>	<u>\$ 3,304,212</u>
	Poundage			
	Contributed	Purchased	2009 Total	2008 Total
Balance at January 1	3,588,637	419,706	4,008,343	2,870,251
Receipts, net of destruction of 3,859,975 lbs	48,959,524	6,283,139	55,242,663	40,406,628
Distributions	<u>(49,502,254)</u>	<u>(5,235,234)</u>	<u>(54,737,488)</u>	<u>(39,268,536)</u>
Balance at December 31	<u>3,045,907</u>	<u>1,467,611</u>	<u>4,513,518</u>	<u>4,008,343</u>

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NOTE 8 – PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2009 consisted of the following:

Land	\$ 2,260,008
Building	3,413,397
Equipment	1,532,547
Trucks	1,425,490
Furniture and fixtures	349,660
Computer software	<u>390,104</u>
	9,371,206
Less accumulated depreciation	<u>4,797,469</u>
Total	<u>\$ 4,573,737</u>

NOTE 9 – LINE OF CREDIT

The Foodbank maintains a \$500,000 line of credit with US Bank. The purpose of the line of credit was to allow the Foodbank to access short-term working capital needs in the event of an emergency or disaster. The line of credit is subject to an annual renewal and bears an interest rate equal to the bank prime rate minus 0.25%. An approved written authorization from the executive committee is required to a draw down on the line of credit. The Foodbank did not draw down on the line of credit in 2009.

NOTE 10 – NET ASSETS

Unrestricted

The Board of Directors established operating and capital asset reserves totaling \$2,100,000 and \$50,000, respectively, and a primary endowment totaling \$69,303, consisting of unrestricted cash, in anticipation of future organizational needs.

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NOTE 10 – NET ASSETS (Continued)

Temporarily Restricted

Temporarily restricted net assets at December 31, 2009 for specific programs were as follows:

	Balance at December 31, <u>2008</u>	<u>Revenues</u>	<u>Expenditures</u>	Balance at December 31, <u>2009</u>
Temporarily restricted				
Million Meals Program funds	\$ -	\$ 8,985	\$ (7,293)	\$ 1,692
Emergency Food Fund	718	65,417	(31,327)	34,808
Emergency Food Fund 2	104,295	399,589	(309,730)	194,154
Food for Families Program Fund	3,051	39,622	(40,236)	2,437
Brown Bag Program funds	-	209,940	(111,979)	97,961
Fixed asset funds	-	215,000	(215,000)	-
Children’s Nutrition Program Fund	3,236	166,237	(86,971)	82,502
Backpack Program	175,985	222,120	(298,302)	99,803
Produce and Perishables Program funds	489,694	953,447	(1,048,095)	395,046
Facilities assessment fund	23,350	25,000	(18,851)	29,499
Nutrition Education Fund	15,000	27,500	(15,000)	27,500
Food Stamp Outreach Program funds	-	57,000	(42,524)	14,476
Other temporarily restricted funds	128,000	655,000	(208,000)	575,000
Restricted due to time	<u>129,014</u>	<u>73,915</u>	<u>(129,014)</u>	<u>73,915</u>
Total temporarily restricted	<u>\$ 1,072,343</u>	<u>\$ 3,118,772</u>	<u>\$(2,562,322)</u>	<u>\$ 1,628,793</u>

Permanently Restricted

The permanently restricted net assets consisted of a donor-restricted perpetual endowment fund in the amount of \$110,000 at December 31, 2009. According to the donor’s stipulations, a historical value of \$110,000 should be maintained in the fund; all additions to the fund over and above the historic dollar value may, subject to the discretion policies and procedures of the Foodbank, be used to fund distributions or awards supporting the purposes of the fund.

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December 31, 2009

NOTE 10 – NET ASSETS (Continued)

Permanently Restricted (Continued)

According to the provision of the donor's stipulation and that of the ASC 958-205, the Foodbank records the original value of the donation to this fund as permanently restricted net assets, and investment income is appropriated for current year's expenditure and is classified within unrestricted net assets. During the year ended December 31, 2009, the investment income appropriated was \$590. The endowment fund is invested in FDIC-insured time deposit.

During the year ended December 31, 2009, the permanently restricted and board-designated endowment fund had the following activities:

Changes in Endowment Net Assets for the Fiscal Year Ended December 31, 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Balance, beginning of year	\$ 69,303	\$ -	\$ 110,000	\$ 179,303
Investment income	590	-	-	590
Appropriation of endowment asset for expenditure	<u>(590)</u>	<u>-</u>	<u>-</u>	<u>(590)</u>
Balance, end of year	<u>\$ 69,303</u>	<u>\$ -</u>	<u>\$ 110,000</u>	<u>\$ 179,303</u>

Endowment Net Asset by Composition by Type of Fund as of December 31, 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment fund	\$ -	\$ -	\$ 110,000	\$ 110,000
Board-designated endowment fund	<u>69,303</u>	<u>-</u>	<u>-</u>	<u>69,303</u>
Balance, end of year	<u>\$ 69,303</u>	<u>\$ -</u>	<u>\$ 110,000</u>	<u>\$ 179,303</u>

NOTE 11 – SHARED MAINTENANCE FEES

The Foodbank receives fees from participating agencies to assist in the costs of distributing food by the Foodbank. These shared maintenance fees are based on predetermined rates of \$0.18 per pound or less. For the year ended December 31, 2009, such fees totaled \$1,251,402.

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NOTE 12 – 403(B) RETIREMENT PLAN

All employees who have completed a year of service, as defined in the 403(b) Plan (the “Plan”), and are at least 18 years of age are eligible to participate in the Foodbank’s 403(b) Plan. The Foodbank will make a nonelective contribution equal to 1% of employees’ compensation for the Plan year. During the year ended December 31, 2009, the Foodbank did not make discretionary employer contributions to the Plan.

NOTE 13 – COMMITMENT AND CONTINGENCIES

From time to time, the Foodbank may have certain contingent liabilities that arise in the ordinary course of its business activities. The Foodbank accrues contingent liabilities when it is probable that future expenditures will be made and such expenditures can be reasonably estimated. In the opinion of management, there are no pending claims of which the outcome is expected to result in a material adverse effect on the financial position, results of operations or cash flows of the Foodbank.

The Foodbank leases a warehouse under an operating lease. Future minimum lease payments are as follows:

For the Year Ending December 31,

2010	\$ <u>57,575</u>
Total	\$ <u>57,575</u>

Rent expense for the year totaled \$347,664.