

**SLGG**

LOS ANGELES REGIONAL



Fighting Hunger. Giving Hope.

**Financial Statements**

**Year ended December 31, 2004**

**(With Independent Auditors' Report Thereon)**

**SLGG**

**LOS ANGELES REGIONAL FOODBANK**  
**(A NONPROFIT ORGANIZATION)**  
**CONTENTS**  
**December 31, 2004**

---

	Page
<b>INDEPENDENT AUDITOR'S REPORT</b>	1
<b>FINANCIAL STATEMENTS</b>	
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 14



SINGER LEWAK GREENBAUM & GOLDSTEIN LLP  
*Certified Public Accountants and Management Consultants*  
*www.slgg.com Los Angeles Orange County Ontario*

## 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, 2004, 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 summarized comparative information has been derived from the Foodbank's 2003 financial statements audited by other auditors, and in their report dated March 19, 2004, they 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, 2004, 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 March 3, 2005 on our consideration of Los Angeles Regional Foodbank's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

SINGER LEWAK GREENBAUM & GOLDSTEIN LLP

Los Angeles, California  
March 3, 2005

**LOS ANGELES REGIONAL FOODBANK**  
**(A NONPROFIT ORGANIZATION)**  
**STATEMENT OF FINANCIAL POSITION**  
**December 31, 2004**  
**(with comparative totals for 2003)**

<b>ASSETS</b>		
	2004	2003
<b>Assets</b>		
Cash and cash equivalents (Note 3)	\$ 1,582,451	\$ 1,832,020
Short term investments (Note 3)	300,000	300,000
Receivables from government agencies (Note 4)	257,318	155,939
Receivables from affiliated charities and others (Note 5)	305,804	212,657
Pledges receivables (Note 9)	1,634,757	22,612
Food inventory (Note 2 and Note 6)	5,215,785	2,422,571
Prepaid expenses	115,415	98,197
Property and equipment, net (Note 7)	5,100,874	5,265,275
<b>Total assets</b>	<b>\$ 14,512,404</b>	<b>\$ 10,309,271</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable	\$ 257,298	\$ 380,465
Other liabilities	213,001	158,556
Obligations under capital leases	18,061	26,333
Total liabilities	488,360	565,354
<b>Net assets</b>		
Unrestricted		
Available for operations	5,484,730	2,369,616
Board-designated (Note 8)	1,750,000	2,050,000
Investments in property and equipment, net	5,082,813	5,238,942
Total unrestricted	12,317,543	9,658,558
Temporarily restricted (Note 8)	1,706,501	85,359
Total net assets	14,024,044	9,743,917
<b>Total liabilities and net assets</b>	<b>\$ 14,512,404</b>	<b>\$ 10,309,271</b>

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, 2004**  
**(with comparative totals for 2003)**

	Unrestricted	Temporarily Restricted	Totals	
			2004	2003
<b>Public support and revenue</b>				
Contributions	\$ 1,815,242	\$ 1,809,165	\$ 3,624,407	\$ 1,894,718
Shared maintenance fees (Note 9)	2,060,487	-	2,060,487	1,826,313
Payments under government contracts	1,440,840	-	1,440,840	1,126,779
Shop Smart & Save income	976,349	-	976,349	1,123,958
Interest and dividend income	35,029	-	35,029	14,908
Other income	84,072	-	84,072	65,243
	<u>6,412,019</u>	<u>1,809,165</u>	<u>8,221,184</u>	<u>6,051,919</u>
Subtotal				
Contributed goods (Note 2)	51,070,915		51,070,915	48,377,865
Contributed services (Note 2)	304,837	-	304,837	82,820
	<u>57,787,771</u>	<u>1,809,165</u>	<u>59,596,936</u>	<u>54,512,604</u>
Total public support and revenue				
Net assets released from restrictions	188,023	(188,023)	-	-
	<u>57,975,794</u>	<u>1,621,142</u>	<u>59,596,936</u>	<u>54,512,604</u>
Total public support and revenue and and net assets released from restrictions				
<b>Functional expenses</b>				
Program services:				
General Food Distribution	51,664,716	-	51,664,716	53,092,701
Food Rescue Program	406,559	-	406,559	356,741
Federal Emergency Management Agency Program	396,110	-	396,110	382,532
USDA - EFAP Program	956,936	-	956,936	986,168
USDA - CSFP Program	683,124	-	683,124	273,499
Food Stamp Outreach and Nutrition Education Program	20,262	-	20,262	29,264
Brown Bag Program	136,012	-	136,012	128,171
Extra Helpings Program	150,862	-	150,862	137,849
	<u>54,414,581</u>	<u>-</u>	<u>54,414,581</u>	<u>55,386,925</u>
Total program services				
Supporting services:				
General and administrative	363,210	-	363,210	428,571
Fund-raising	539,018	-	539,018	522,705
	<u>902,228</u>	<u>-</u>	<u>902,228</u>	<u>951,276</u>
Total supporting services				
Total functional expenses	<u>55,316,809</u>	<u>-</u>	<u>55,316,809</u>	<u>56,338,201</u>
Change in net assets	2,658,985	1,621,142	4,280,127	(1,825,597)
Net assets at beginning of year	<u>9,658,558</u>	<u>85,359</u>	<u>9,743,917</u>	<u>11,569,514</u>
Net assets at end of year	<u>\$ 12,317,543</u>	<u>\$ 1,706,501</u>	<u>\$ 14,024,044</u>	<u>\$ 9,743,917</u>

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, 2004  
(with comparative totals for 2003)

	Program Services							Supporting Services			Totals			
	General food distribution	Food Rescue Program	Federal Emergency Management Agency Program	USDA - EFAP Program	USDA - CSFP Program	Food Stamp Outreach and Nutrition Education Program	Brown Bag Program	Extra Helpings Program	Total	General and Administrative	Fund-raising	Total	2004	2003
Food	\$ 49,034,574	\$ -	\$ 396,110	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 49,430,684	\$ -	\$ -	\$ -	\$ 49,430,684	\$ 51,196,753
Salaries and related expenditures	1,230,377	292,600	-	650,400	418,385	15,138	74,024	55,723	2,736,647	239,183	249,706	488,889	3,225,536	2,818,999
Warehouse rental and utilities	144,719	30,220	-	58,633	123,174	-	10,911	16,249	383,906	21,745	8,394	30,139	414,045	349,434
Insurance	48,383	-	-	82,151	34,745	-	9,741	19,483	194,503	19,483	15,586	35,069	229,572	254,074
Interest	1,808	-	-	-	-	-	-	-	1,808	-	-	-	1,808	2,988
Repairs and maintenance	84,471	9,691	-	76,449	17,865	4,557	8,705	3,996	205,734	17,411	3,197	20,608	226,342	173,953
Auto and truck	127,669	-	-	22,055	22,790	28	9,156	13,341	195,039	18,312	10,671	28,983	224,022	170,906
Travel	2,545	-	-	205	2,951	382	201	401	6,685	401	257	658	7,343	15,561
Telephone	13,780	330	-	17,755	5,431	-	2,188	4,376	43,860	4,376	498	4,874	48,734	47,426
Office and supplies	61,635	2,959	-	20,671	21,769	150	3,656	6,625	117,465	7,311	231,899	239,210	356,675	295,495
Volunteer lunches and conference	43,932	-	-	599	750	-	1,546	3,074	49,901	3,092	2,440	5,532	55,433	56,492
Professional services	410,566	14,851	-	21,099	14,893	-	11,752	21,053	494,214	23,505	10,750	34,255	528,469	350,388
Miscellaneous	190,051	1,224	-	6,919	879	7	4,132	6,541	209,753	8,391	5,620	14,011	223,764	275,433
Total expenses before depreciation	51,394,510	351,875	396,110	956,936	663,632	20,262	136,012	150,862	54,070,199	363,210	539,018	902,228	54,972,427	56,007,902
Depreciation	270,206	54,684	-	-	19,492	-	-	-	344,382	-	-	-	344,382	330,229
<b>Total functional expenses</b>	<b>\$ 51,664,716</b>	<b>\$ 406,559</b>	<b>\$ 396,110</b>	<b>\$ 956,936</b>	<b>\$ 683,124</b>	<b>\$ 20,262</b>	<b>\$ 136,012</b>	<b>\$ 150,862</b>	<b>\$ 54,414,581</b>	<b>\$ 363,210</b>	<b>\$ 539,018</b>	<b>\$ 902,228</b>	<b>\$ 55,316,809</b>	<b>\$ 56,338,201</b>

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, 2004

(with comparative totals for 2003)

	2004	2003
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 4,280,127	\$ (1,825,597)
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation	344,382	330,299
(Gain) loss on disposal of property and equipment, net	(9,000)	(900)
Changes in operating assets and liabilities:		
Receivables from government agencies	(101,379)	19,787
Receivables from affiliated agencies and others	(93,147)	(66,826)
Pledges and grant receivable	(1,612,145)	238,154
Food inventory	(2,793,214)	1,392,835
Prepaid expenses	(17,218)	(19,658)
Accounts payable	(123,167)	(40,883)
Other liabilities	54,445	39,515
	(70,316)	66,726
Net cash (used in) provided by operating activities		
	(70,316)	66,726
<b>Cash flows from investing activities:</b>		
Purchases of property and equipment	(179,981)	(495,685)
Proceeds from sale of property and equipment	9,000	900
Purchase of short term investments	-	(300,000)
	(170,981)	(794,785)
Net cash used in investing activities		
	(170,981)	(794,785)
<b>Cash flows from financing activities:</b>		
Principal payments on capital leases	(8,272)	(6,172)
	(8,272)	(6,172)
Net cash used in financing activities		
	(8,272)	(6,172)
Net decrease in cash	(249,569)	(734,231)
<b>Cash and cash equivalents at beginning of year</b>	1,832,020	2,566,251
<b>Cash and cash equivalents at end of year</b>	\$ 1,582,451	\$ 1,832,020
<b>Supplemental disclosure of investing and financing activities</b>		
Cash paid during the year for interest	\$ 1,808	\$ 2,988
Capital leases entered into for acquisition of equipment	\$ -	\$ 13,151

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

**LOS ANGELES REGIONAL FOODBANK**  
**(A NONPROFIT ORGANIZATION)**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2004**

---

**NOTE 1 - ORGANIZATION**

The Los Angeles Regional Foodbank (the "Foodbank") is a nonprofit organization with a mission to mobilize the resources of the community to fight hunger, the causes of hunger, and the problems related to hunger. 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 the donated food and product 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 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 product 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 are disabled. *The Kids Cafe™ Program* addresses the need for proper nutrition and quality day care and after-school care in low-income communities. Healthy meals and snacks are served to needy children in a safe, nurturing environment. Participating agencies include an after-school program, day care centers, community centers, and youth centers. *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. Product from the Food Rescue Program is distributed to Foodbank agencies and to other America's Second Harvest 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 (FEMA) are federal funds which 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, 2004**

---

**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 information 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

Other non-governmental programs at the Foodbank include:

- 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.
- 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.

**LOS ANGELES REGIONAL FOODBANK**  
**(A NONPROFIT ORGANIZATION)**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2004**

---

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Basis of Presentation (Continued)

- 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 Foodbank had no permanently restricted assets as of December 31, 2004.

Basis of Accounting

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

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 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 2004, 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.

**LOS ANGELES REGIONAL FOODBANK**  
**(A NONPROFIT ORGANIZATION)**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2004**

---

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Contributed Goods (Continued)

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.

The Foodbank records contributed food received from the USDA based on actual food product prices provided by the USDA. During the year ended December 31, 2004, the USDA Emergency Food Assistance Program food product prices averaged \$0.59 per pound and USDA Commodity Supplemental Food Program food product prices averaged \$1.24 per pound.

All other contributed food items are valued using a weighted average price per pound determined using studies commissioned by America's Second Harvest, the nation's largest nongovernmental food distribution program. For the year ended December 31, 2004, the weighted average value for contributed food was \$1.58 per pound. The total net value of contributed food for the year ended December 31, 2004 was \$51,070,915.

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 \$304,837.

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.

**LOS ANGELES REGIONAL FOODBANK**  
**(A NONPROFIT ORGANIZATION)**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2004**

---

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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.

Comparative Financial Information for 2003

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, 2003 from which the summarized information was derived.

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 Organization 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 which 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. At times, such cash may be in excess of the Federal Deposit Insurance Corporation insurance limit of \$100,000. 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.

**LOS ANGELES REGIONAL FOODBANK**  
**(A NONPROFIT ORGANIZATION)**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2004**

---

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

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

	2004	2003
Board-designated operating reserve	\$ 1,500,000	\$ 1,800,000
Board-designated capital asset reserve	250,000	250,000
Temporarily restricted	84,772	81,557
Other unrestricted	47,679	463
<b>Total</b>	<b>\$ 1,882,451</b>	<b>\$ 2,132,020</b>

The short term investments is composed of a one year Certificate of Deposit at Countrywide Bank N.A., of \$300,000 yielding 2.92% interest annually, with a maturity date of October 2005.

**NOTE 4 - RECEIVABLES FROM GOVERNMENT AGENCIES**

Receivables from government agencies at December 31, 2004 consisted of amounts due from the following agencies:

Department of Social Services		
Food Assistance Program	\$ 117,400	
Department of Education		
Child Nutrition and Food Distribution Division		
Commodity Supplemental Food Program	128,780	
Department of Nutrition		
Food Stamps and Nutrition Education	11,138	
<b>Total</b>	<b>\$ 257,318</b>	

**NOTE 5 - RECEIVABLES FROM AFFILIATED CHARITIES AND OTHERS**

Receivables from affiliated agencies totaling \$305,804 at December 31, 2004 consisted of \$166,531 from agencies for shared maintenance fees, \$102,540 from agencies participating in the Shop Smart & Save Program, and \$36,733 in other receivables.

**LOS ANGELES REGIONAL FOODBANK**  
**(A NONPROFIT ORGANIZATION)**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2004**

**NOTE 6 - FOOD INVENTORY**

	Dollar Value			
	Contributed	Purchased	2004 Total	2003 Total
<b>Balance at January 1, 2004</b>	\$ 2,233,512	\$ 189,059	\$ 2,422,571	\$ 3,815,402
Receipts net of destruction of \$6,854,827	51,070,915	1,382,877	52,453,792	49,792,483
Distributions	(48,215,283)	(1,445,295)	(49,660,578)	(51,185,314)
<b>Balance at December 31, 2004</b>	<b><u>\$ 5,089,144</u></b>	<b><u>\$ 126,641</u></b>	<b><u>\$ 5,215,785</u></b>	<b><u>\$ 2,422,571</u></b>

	Poundage			
	Contributed	Purchased	2004 Total	2003 Total
<b>Balance at January 1, 2004</b>	1,903,691	474,897	2,378,588	2,283,224
Receipts net of destruction of 3,578,708 lbs.	44,402,554	3,120,132	47,522,686	42,728,723
Distributions	(41,451,792)	(3,273,819)	(44,725,611)	(42,633,359)
<b>Balance at December 31, 2004</b>	<b><u>4,854,453</u></b>	<b><u>321,210</u></b>	<b><u>5,175,663</u></b>	<b><u>2,378,588</u></b>

**NOTE 7 - PROPERTY AND EQUIPMENT**

Property and equipment at December 31, 2004 consisted of the following:

Land	\$ 2,260,008
Building	3,148,549
Equipment	1,032,428
Assets under capital leases	54,531
Trucks	616,381
Furniture and fixtures	342,016
Computer software	<u>192,852</u>
	7,646,765
Less accumulated depreciation	<u>(2,545,891)</u>
<b>Total</b>	<b><u>\$ 5,100,874</u></b>

**LOS ANGELES REGIONAL FOODBANK**  
**(A NONPROFIT ORGANIZATION)**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2004**

**NOTE 8 - LINE OF CREDIT**

The Board of Directors approved a \$500,000 line of credit offered by Mellon 1st Business Bank in July 2003. 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 of the London InterBank Offering Rate (LIBOR) plus 2.5% or Mellon 1st Business Bank's floating reference rate minus 0.25%, whichever is smaller. An approved written authorization from the executive committee is essential to a drawdown on the line of credit. The Foodbank did not drawdown on the line of credit in 2004.

**NOTE 9 - NET ASSETS**

Unrestricted

The Board of Directors established operating and capital asset reserves totaling \$1,500,000 and \$250,000, respectively, consisting of unrestricted cash, in anticipation of future organizational needs.

Temporarily Restricted

Temporarily restricted net assets totaling \$1,706,501 at December 31, 2004 were restricted by donors for specific programs of the Foodbank. The programs are as follows:

	Balance at December 31, 2003	Revenues	Expenditures	Balance at December 31, 2004
<b>Temporarily restricted</b>				
Kids Cafe <sup>TM</sup>	\$ 13,805	\$ 10,080	\$ (19,105)	\$ 4,780
Emergency Food Fund	-	7,350	(1,352)	5,998
Food For Families	7,683	34,520	(25,625)	16,578
Brown Bag	-	28,080	(14,954)	13,126
Computer Fund	29,671	-	(27,136)	2,535
Capital Campaign	3,000	-	(1,000)	2,000
Fixed Assets	-	123,100	(88,014)	35,086
CSFP software Program	31,200	-	-	31,200
Children and Youth	-	15,507	(10,837)	4,670
Vitamin Cases Consumer Settlement Fund (Note 9)	-	1,590,528	-	1,590,528
<b>Total temporarily restricted</b>	<b>\$ 85,359</b>	<b>\$ 1,809,165</b>	<b>\$ (188,023)</b>	<b>\$ 1,706,501</b>

**LOS ANGELES REGIONAL FOODBANK**  
**(A NONPROFIT ORGANIZATION)**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2004**

---

**NOTE 9 - NET ASSETS (Continued)**

Temporarily Restricted (Continued)

Foodbanks in California, including the Los Angeles Regional Foodbank was the recipient of an award of \$1,590,528 from a Vitamin Cases Consumer Settlement Fund (Judicial Council Coordination Proceeding No. 4076 Master File No. 301803-San Francisco County), as the result of a class action lawsuit alleging anti-trust activities on the part of makers of vitamins commonly used as additives in food products. The purposes of the award are to improve the health and nutrition of California consumers, which will be accomplished through specific permitted uses over a three year period ending November 8, 2007. Requests for the funds will be based on periodic program budgets submitted to the Cy Pres Fund Administrator through the San Francisco Foodbank. As of December 31, 2004, the Los Angeles Regional Foodbank has not drawn on the funds awarded to the Foodbank.

**NOTE 10 - 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 \$0.16 per pound or less. For the year ended December 31, 2004, such fees totaled \$2,060,487.

**NOTE 11 - 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 3% of employees' compensation for the Plan year and make a matching contribution equal to 50% of employee's contribution for the Plan year. The total employer contribution will not exceed 6% of employee compensation in a Plan year. During the year ended December 31, 2004, the Foodbank did not make discretionary employer contributions to the Plan.