

OREGON FOOD BANK, INC.

Audited Financial Statements  
and Reports Required  
by *Government Auditing Standards*  
and the Uniform Guidance

For the Year Ended June 30, 2018



MCDONALD JACOBS

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Oregon Food Bank, Inc.

### Report on the Financial Statements

We have audited the accompanying financial statements of Oregon Food Bank, Inc., which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Oregon Food Bank, Inc. as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Report on Summarized Comparative Information*

We have previously audited Oregon Food Bank, Inc.'s 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 29, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Other Matters*

*Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

*Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2018 on our consideration of Oregon Food Bank, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of Oregon Food Bank, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Oregon Food Bank, Inc.'s internal control over financial reporting and compliance.

*McDonald Jacobson, P.C.*

Portland, Oregon  
December 12, 2018

OREGON FOOD BANK, INC.  
STATEMENT OF FINANCIAL POSITION  
June 30, 2018  
(With comparative totals for 2017)

	2018	2017
<b>ASSETS</b>		
Cash and cash equivalents	\$ 3,289,525	\$ 903,040
Accounts and other receivables	1,033,873	2,716,940
Pledges receivable	240,000	332,000
Inventory	5,305,853	5,151,146
Prepaid expenses	114,608	1,738,327
Investments	13,549,819	12,701,808
Property and equipment, net	15,612,705	15,840,428
TOTAL ASSETS	\$ 39,146,383	\$ 39,383,689
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts payable	\$ 682,859	\$ 888,080
Agency pass-through payable	313,046	220,714
Accrued payroll and vacation	828,259	723,792
Advance deposits and deferred revenue	397,285	499,781
Obligations under annuity agreements	98,862	109,748
Total liabilities	2,320,311	2,442,115
Net assets:		
Unrestricted:		
Undesignated	11,685,070	12,234,426
Board designated	4,119,400	3,875,871
Net property and equipment	15,612,705	15,840,428
Total unrestricted	31,417,175	31,950,725
Temporarily restricted	5,408,897	4,990,849
Total net assets	36,826,072	36,941,574
TOTAL LIABILITIES AND NET ASSETS	\$ 39,146,383	\$ 39,383,689

See notes to financial statements.

OREGON FOOD BANK, INC.  
STATEMENT OF ACTIVITIES  
For the year ended June 30, 2018  
(With comparative totals for 2017)

	2018			2017 Total
	Unrestricted	Temporarily Restricted	Total	
<b>Support and revenue:</b>				
Contributions	\$ 13,716,149	\$ 1,088,798	\$ 14,804,947	\$ 13,983,001
Waterfront Blues Festival, net of expenses of \$2,197,460 for 2018 and \$1,832,431 for 2017	334,528	-	334,528	422,790
Harvest Dinner, net of expenses of \$166,023 for 2018 and \$194,430 for 2017	623,321	-	623,321	539,604
Government support	2,474,963	-	2,474,963	2,483,922
Share contributions	401,494	-	401,494	406,227
Food-to-buy program	2,778,941	-	2,778,941	2,632,940
Donated goods and services	56,804	-	56,804	69,796
Investment income	792,668	-	792,668	1,008,060
Other income	96,623	-	96,623	69,462
Net assets released from restrictions:				
Satisfaction of purpose restrictions	737,238	(737,238)	-	-
<b>Total support and revenue</b>	<u>22,012,729</u>	<u>351,560</u>	<u>22,364,289</u>	<u>21,615,802</u>
<b>Operating Expenses:</b>				
Food programs	14,724,503	-	14,724,503	14,088,167
Education and other programs	1,603,641	-	1,603,641	1,215,323
Advocacy	735,318	-	735,318	613,684
<b>Total program services</b>	<u>17,063,462</u>	<u>-</u>	<u>17,063,462</u>	<u>15,917,174</u>
Supporting services:				
Management and general	1,546,345	-	1,546,345	1,457,587
Fundraising	3,950,819	-	3,950,819	3,348,515
<b>Total operating expenses</b>	<u>22,560,626</u>	<u>-</u>	<u>22,560,626</u>	<u>20,723,276</u>
<b>Change in net assets from operations before in-kind food and pass-through</b>	<u>(547,897)</u>	<u>351,560</u>	<u>(196,337)</u>	<u>892,526</u>

*Continued*

See notes to financial statements.

OREGON FOOD BANK, INC.  
STATEMENT OF ACTIVITIES  
For the year ended June 30, 2018  
(With comparative totals for 2017)

	2018			2017 Total
	Unrestricted	Temporarily Restricted	Total	
Change in net assets from operations before in-kind food and pass-through	\$ (547,897)	\$ 351,560	\$ (196,337)	\$ 892,526
<b>In-kind Food and Pass-Through Revenue:</b>				
Government commodities	-	7,668,249	7,668,249	8,097,087
Donated food	-	39,034,513	39,034,513	36,516,528
Government support, pass-through	1,558,941	-	1,558,941	1,545,572
Contributions, pass-through	412,098	-	412,098	180,387
Net assets released from restrictions:				
Satisfaction of purpose restrictions	46,636,274	(46,636,274)	-	-
Total in-kind food and pass-through revenue	<u>48,607,313</u>	<u>66,488</u>	<u>48,673,801</u>	<u>46,339,574</u>
<b>In-kind Food and Pass-Through Expense:</b>				
Value of product distributed - in-kind:				
USDA/TEFAP goods distributed	7,491,853	-	7,491,853	7,791,014
Donated goods distributed	39,131,263	-	39,131,263	36,905,908
Total value of product distributed in-kind	46,623,116	-	46,623,116	44,696,922
Distribution of pass-through	1,969,850	-	1,969,850	1,726,991
Total in-kind food and pass-thru expense	<u>48,592,966</u>	<u>-</u>	<u>48,592,966</u>	<u>46,423,913</u>
Net in-kind food and pass-through activities	<u>14,347</u>	<u>66,488</u>	<u>80,835</u>	<u>(84,339)</u>
Change in net assets	(533,550)	418,048	(115,502)	808,187
<b>Net assets:</b>				
Beginning of year	<u>31,950,725</u>	<u>4,990,849</u>	<u>36,941,574</u>	<u>36,133,387</u>
End of year	<u>\$ 31,417,175</u>	<u>\$ 5,408,897</u>	<u>\$ 36,826,072</u>	<u>\$ 36,941,574</u>

*Concluded*

See notes to financial statements.

OREGON FOOD BANK, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
For the year ended June 30, 2018  
(With comparative totals for 2017)

	2018							2017
	Food Programs	Education and Other Programs	Advocacy	Total Programs	Management and General	Fund- Raising	Total	Total
Operating activities:								
Salaries and related expenses	\$ 6,673,563	\$ 1,127,142	\$ 637,470	\$ 8,438,175	\$ 1,143,645	\$ 2,574,178	\$ 12,155,998	\$ 10,842,200
Purchased contract services	211,535	84,197	1,700	297,432	54,886	53,291	405,609	385,201
Supplies and miscellaneous	282,963	41,876	1,376	326,215	49,684	59,505	435,404	434,518
Telephone and computer support	197,878	66,778	9,284	273,940	58,157	109,216	441,313	417,069
Direct mail	-	-	-	-	-	454,085	454,085	425,557
Postage and publications	34,407	2,530	7,498	44,435	5,394	226,641	276,470	336,245
Transportation	823,507	-	-	823,507	-	-	823,507	719,943
Occupancy	564,181	65,785	18,646	648,612	37,292	94,657	780,561	719,052
Insurance	109,882	5,663	2,832	118,377	21,325	14,158	153,860	143,662
Equipment and maintenance	231,035	5,064	1,392	237,491	3,360	11,034	251,885	216,923
Conferences, meetings, and travel	170,617	54,263	24,491	249,371	40,186	47,479	337,036	245,481
Dues and fees	38,587	3,919	7,906	50,412	86,969	192,958	330,339	310,382
Depreciation and amortization	530,211	45,447	22,723	598,381	45,447	113,617	757,445	703,122
Food related costs	651,182	-	-	651,182	-	-	651,182	613,171
Partner support	382,824	100,977	-	483,801	-	-	483,801	430,438
Network support	499,109	-	-	499,109	-	-	499,109	501,252
Value of product distributed:								
Food-to-buy goods distributed	2,663,565	-	-	2,663,565	-	-	2,663,565	2,507,416
Purchased product distributed	659,457	-	-	659,457	-	-	659,457	771,644
Total operating expenses	<u>14,724,503</u>	<u>1,603,641</u>	<u>735,318</u>	<u>17,063,462</u>	<u>1,546,345</u>	<u>3,950,819</u>	<u>22,560,626</u>	<u>20,723,276</u>
Value of product distributed - in-kind:								
USDA/TEFAP goods distributed	7,491,853	-	-	7,491,853	-	-	7,491,853	7,791,014
Donated goods distributed	39,131,263	-	-	39,131,263	-	-	39,131,263	36,905,908
Total value of product distributed	<u>46,623,116</u>	<u>-</u>	<u>-</u>	<u>46,623,116</u>	<u>-</u>	<u>-</u>	<u>46,623,116</u>	<u>44,696,922</u>
Pass-through activities:								
Federal	609,468	-	-	609,468	-	-	609,468	640,520
State	949,474	-	-	949,474	-	-	949,474	905,314
Other pass-through	410,908	-	-	410,908	-	-	410,908	181,157
Total pass-through activities	<u>1,969,850</u>	<u>-</u>	<u>-</u>	<u>1,969,850</u>	<u>-</u>	<u>-</u>	<u>1,969,850</u>	<u>1,726,991</u>
Total expenses	<u>\$ 63,317,469</u>	<u>\$ 1,603,641</u>	<u>\$ 735,318</u>	<u>\$ 65,656,428</u>	<u>\$ 1,546,345</u>	<u>\$ 3,950,819</u>	<u>\$ 71,153,592</u>	<u>\$ 67,147,189</u>

See notes to financial statements.

OREGON FOOD BANK, INC.  
STATEMENT OF CASH FLOWS  
For the year ended June 30, 2018  
(With comparative totals for 2017)

	2018	2017
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ (115,502)	\$ 808,187
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	757,445	703,122
Net realized/unrealized gain on investments	(554,333)	(786,206)
Gain on disposal of equipment	(21,616)	(4,250)
(Increase) decrease in:		
Accounts, pledges, and other receivables	1,775,067	(706,002)
Inventory	(154,707)	201,891
Prepaid expenses	1,623,719	(185,080)
Increase (decrease) in:		
Accounts payable and accrued expenses	(8,422)	151,830
Advance deposits and deferred revenue	(102,496)	(341,689)
Net cash provided by (used in) operating activities	3,199,155	(158,197)
<b>Cash flows from investing activities:</b>		
Purchase of property and equipment	(529,722)	(947,979)
Proceeds from sale of property and equipment	21,616	4,250
Annuity payments to beneficiaries	(10,886)	(11,343)
Proceeds from investments and certificates of deposit	233,734	1,138,826
Additions to investments and certificates of deposit	(527,412)	(262,207)
Net cash used in investing activities	(812,670)	(78,453)
Net increase (decrease) in cash and cash equivalents	2,386,485	(236,650)
Cash and cash equivalents - beginning of year	903,040	1,139,690
Cash and cash equivalents - end of year	\$ 3,289,525	\$ 903,040

See notes to financial statements.



OREGON FOOD BANK, INC.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2018

I. DESCRIPTION OF THE ORGANIZATION

Oregon Food Bank (OFB or the Organization) works to eliminate hunger and its root causes... because no one should be hungry. Oregon Food Bank believes that hunger starves the human spirit, that communities thrive when people are nourished, and that everyone deserves healthy and fresh food. Oregon Food Bank helps feed the human spirit of 740,000 people through a food distribution network of 21 regional food banks serving Oregon and Clark County, Washington. Oregon Food Bank also leads statewide efforts to increase resources for hungry families and to eliminate the root causes of hunger through public policy, local food systems work, nutrition and garden education, health care screening and innovative programming. We are dedicated to ensuring that no one goes hungry today, that Oregon becomes the first state without hunger, and that people experiencing hunger are at the center of all we do.

- Oregon Food Bank works collaboratively with partners across the state through the Oregon Food Bank Network. Oregon Food Bank owns and operates five regional food banks, serving Multnomah, Clackamas, Washington, Harney, Malheur, Tillamook, Sherman, Hood River and Wasco Counties. Our statewide network – a unique model in food banking – encompasses 1,200 partners and programs.
- In our work to eliminate hunger in Oregon, we believe we must also address the root causes of hunger through public policy, nutrition and garden education, and public awareness.
- We focus on freshness: We continue to increase the amount of produce, dairy, meat and other culturally competent pantry staples (such as rice, beans and cooking oil) so people experiencing hunger can create meals that meet their specific cultural or family needs.
- We champion self-reliance: Our nutrition and garden education programs, as well as community food organizing activities, increase self-reliance and improve the health of communities.
- We advocate for change: We advocate for public policies and programs that address hunger at its root causes. We urge lawmakers to make food a priority by investing in policies and programs that reduce hunger and build healthy communities. We recognize race and place are central determinants in individual and community health. We commit to combating systems and behavior which undercut food security. We actively cultivate new strategies for underserved communities and seek to engage people facing hunger in both long-term solutions and day-to-day program delivery.

OREGON FOOD BANK, INC.  
NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2018

I. DESCRIPTION OF THE ORGANIZATION, Continued

We are members of Feeding America, a national organization supporting more than 200 food banks across the country, and the largest domestic hunger relief agency in the U.S.

**Government Programs**

OFB receives funds through several government programs that are passed through to some or all OFB Network of Regional Food Banks. Pass through allocations are computed using various poverty, unemployment and other population factors depending upon the program. Continued funding levels are subject to annual renewal by the governmental agencies.

**The Emergency Food Assistance Program (TEFAP)**

The Emergency Food Assistance Program is a Federal program that supplements the diets of Americans meeting income eligibility requirements, by providing emergency food and nutrition assistance. TEFAP also provides funding for direct costs of personnel, storage, and distribution expenses incurred for the operation of the USDA commodities program which is passed through to the RFBs. Under contract with the Oregon Department of Human Services (DHS), OFB receives and distributes TEFAP commodities to the RFB's.

**Oregon Hunger Response Fund (OHRF)**

Oregon Hunger Response Fund was established by the State of Oregon in 1993 to acquire food and new food sources, build network capacities and link emergency food clients to other services.

**The Commodity Supplemental Food Program (CSFP)**

The Commodity Supplemental Food Program is a federally funded nutrition program, which works to specifically improve the health of low-income elderly people.

**Emergency Food and Shelter Program (EFSP)**

OFB makes bulk purchases of food for local agencies in Clackamas, Multnomah and Washington counties. It is reimbursed for its bulk purchases with funds from the U.S. Federal Emergency Management Agency (FEMA) Emergency Food and Shelter Program (EFSP) which are passed through by government or other agencies.

OREGON FOOD BANK, INC.  
NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Net assets and all balances and revenues are presented based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of OFB and changes therein are classified and reported as unrestricted or temporarily restricted net assets. Unrestricted net assets are those that are not subject to donor-imposed stipulations. Temporarily restricted net assets are subject to donor-imposed stipulations that will be met, either by actions of OFB and/or the passage of time.

Cash and Cash Equivalents

For purposes of the statement of cash flows, OFB considers all investments with purchased maturity of three months or less to be cash equivalents.

Accounts Receivable

Receivables represent amounts due from partner agencies and regional network foodbanks for share contributions and food to buy purchases. No provision for estimated uncollectible receivables has been made, since management considers all receivables fully collectible.

Pledges Receivable

Contributions, which include unconditional promises to give (pledges), are recognized as revenues in the period OFB is notified of the commitment. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Bequests are recorded as revenue at the time OFB has an established right to the bequest and the proceeds are measurable.

Property and Equipment

Acquisitions of property and equipment in excess of \$5,000 are capitalized. Property and equipment purchased are recorded at cost. Donated assets are reflected as contributions at their estimated values on the date received.

Depreciation

Depreciation of property and equipment is calculated using the straight-line method over the estimated useful lives of the assets which range from 3 to 40 years.

Advance Deposits and Deferred Revenue

Deferred revenue includes monies received in advance for events and contract revenue which will be recognized in the period the event occurs and contract services have been provided and/or expenses incurred.

OREGON FOOD BANK, INC.  
NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Income Tax Status

Oregon Food Bank, Inc. is a nonprofit corporation exempt from federal and state income tax under section 501(c)(3) of the Internal Revenue Code and applicable state law. OFB has no activities subject to unrelated business income tax and is not a private foundation.

Donated Assets and Services

OFB received approximately 31.2 million and 29.2 million pounds of food and grocery products from the food industry, other businesses, community organizations and individuals in 2018 and 2017, respectively. Donated goods are reflected as a temporarily restricted contribution when received and are reflected as released from restriction as it is distributed. The product is valued at its estimated wholesale value of \$1.25 per pound at June 30, 2018 and 2017. To arrive at the estimated wholesale fair value, OFB uses an independent accountant's report prepared for Feeding America as a guide to determine an average rate that reflects the specific composition of inventory held at OFB.

Donations of materials and equipment are reflected as unrestricted support and expensed as utilized at their estimated fair value.

OFB recognizes donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. In 2018, approximately 40,000 volunteers provided more than 201,000 hours re-packing food, assisting with educational and community programs and special events. These hours of general volunteer support are not reflected in the financial statements as they do not meet the criteria for recording donated services.

Restricted and Unrestricted Revenue and Support

Contributions and grants received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

OREGON FOOD BANK, INC.  
NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Use of Estimates

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

Summarized Financial Information for 2017

The financial information as of June 30, 2017 and for the year then ended is presented for comparative purposes and is not intended to be a complete financial statement presentation.

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

Subsequent Events

Management of OFB has evaluated subsequent events through December 12, 2018, the date the financial statements were available to be issued and is not aware of any material subsequent events which would require disclosure.

Other Significant Accounting Policies

Other significant accounting policies are set forth in the financial statements and the following notes.

OREGON FOOD BANK, INC.  
NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2018

3. ACCOUNTS AND OTHER RECEIVABLES

Accounts and other receivables are unsecured and consist of the following at June 30, 2018 and 2017:

	2018	2017
Regional food banks	\$ 214,726	\$ 297,344
Federal, state and county appropriations	624,851	2,260,326
Portland Children's Levy	98,922	143,568
Other	95,374	15,702
Total accounts and other receivables	<u>\$ 1,033,873</u>	<u>\$ 2,716,940</u>

4. PLEDGES RECEIVABLE

Pledges receivable represent unconditional promises to give. Management considers all pledges receivables to be fully collectible; therefore, no provision for estimated uncollectible accounts has been made. Pledges receivable at June 30, 2018 are expected to be received within one year.

During the year ended June 30, 2018, the Organization was awarded two separate grants in which the cash payments totaling \$175,000 are contingent on meeting specific requirements. Accordingly, the conditional portion of these grant awards are not reflected in the financial statements. The Organization will recognize the grants as revenue when the conditions have been met.

5. INVENTORY

Inventory consists of donated goods valued at its estimated wholesale value, US Department of Agriculture (USDA) commodities stated at values provided by the USDA, and purchased food valued at cost on a first-in-first-out basis. Inventory that has been donated is reflected as temporarily restricted until distributed. Inventory consists of the following at June 30, 2018 and 2017:

	2018	2017
Donated product	\$ 3,771,268	\$ 3,881,175
USDA Food	913,138	736,743
Purchased product	621,447	533,228
Total inventory	<u>\$ 5,305,853</u>	<u>\$ 5,151,146</u>

**OREGON FOOD BANK, INC.**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2018**

**6. PREPAID EXPENSES**

Prepaid expenses at June 30, 2018 and 2017 are summarized as follows:

	2018	2017
Prepaid event expenses	\$ 1,735	\$ 1,472,583
Other prepaid expenses	112,873	265,744
Total prepaid expenses	\$ 114,608	\$ 1,738,327

Event expenses at June 30, 2017 primarily include expenses for the annual Waterfront Blues Festival. The event is held during the July 4<sup>th</sup> weekend of the subsequent year. The Organization did not produce the July 2018 event. See Note 20 for discussion.

**7. UNEMPLOYMENT DEPOSIT AND SELF-FUNDED UNEMPLOYMENT INSURANCE**

Cash and cash equivalents include a certificate of deposit in the amount of \$171,154 and \$160,572 at June 30, 2018 and 2017, respectively, posted with the State of Oregon, Department of Employment, under a special election to self-insure unemployment claims in lieu of making unemployment tax payments.

**8. INVESTMENTS**

Investments are stated at fair value and are summarized as follows at June 30, 2018 and 2017:

	2018	2017
Cash and cash equivalents	\$ 52,111	\$ 49,470
Certificates of deposit	2,751,542	2,722,323
Fixed income securities	2,784,385	2,610,935
Equity securities	5,825,639	5,422,524
Designated investments for annuity agreements (Note 10)	116,742	120,685
Beneficial interest in assets held by OCF (Note 13)	2,019,400	1,775,871
Total investments	\$ 13,549,819	\$ 12,701,808

OREGON FOOD BANK, INC.  
NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2018

8. INVESTMENTS, Continued

Certificates of deposit at June 30, 2018 earn interest at rates ranging from 1.05% to 2.31% and have maturity dates through January 2020. Certificates of deposit at June 30, 2017, earn interest at rates ranging from 0.80% to 1.60% with maturities through April 2019.

OFB has invested assets with Oregon Community Foundation (OCF), and with a financial institution, each of which maintains a well-diversified asset mix, which includes equity and debt securities which are reflected at fair value.

Investment income consists of the following for the years ended June 30, 2018 and 2017:

	2018	2017
Interest and dividends, net of fees	\$ 238,335	\$ 221,854
Net realized gain	29,267	16,980
Net unrealized gain	525,066	769,226
Total investment income	<u>\$ 792,668</u>	<u>\$ 1,008,060</u>

9. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30, 2018 and 2017:

	2018	2017
Land	\$ 3,289,142	\$ 3,289,142
Buildings	15,528,676	15,286,806
Office furniture and equipment	327,879	327,879
Computer equipment and software	962,876	962,876
Warehouse equipment	1,210,432	1,198,715
Vehicles	3,219,921	2,997,540
Artwork	13,800	13,800
Work in progress	66,784	13,030
Total property and equipment	24,619,510	24,089,788
Accumulated depreciation	(9,006,805)	(8,249,360)
Property and equipment, net	<u>\$ 15,612,705</u>	<u>\$ 15,840,428</u>



OREGON FOOD BANK, INC.  
NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2018

10. ANNUITY AGREEMENTS

OFB has entered into charitable gift annuity agreements with donors. Under the agreements, OFB is required to pay a guaranteed amount (annuity) for the lifetime of the donor or beneficiary (annuitant). Unless restricted by the donor, the remainder is placed in the Board designated fund for endowment.

OFB's charitable gift annuity funds are held in a separate trust, which are managed in accordance with the trust's investment policy. Assets are invested in marketable securities and totaled \$116,742 and \$120,685 at June 30, 2018 and 2017, respectively, and are included in investments (Note 8).

As a trustee, OFB is obligated to make annuity payments under seven charitable gift annuity agreements to five annuitants. Under the terms of the agreements, the donors receive payments over the donors' remaining lives. Using discount rates of 4.5%-6.0%, the estimated present value of OFB's liability under these agreements is \$98,862 and \$109,748 at June 30, 2018 and 2017, respectively.

11. LEASE COMMITMENTS

OFB leases office and warehouse space in Ontario, Oregon under a non-cancellable operating lease which expires June 2021 and may be renewed for an additional five-year term. Monthly rent under the lease is currently \$2,300 after scheduled increases.

OFB leases office and warehouse space in Tillamook, Oregon under a non-cancellable operating lease which expires June 2021 and may be renewed for an additional five-year term. Monthly rent under the lease is currently \$2,100 after scheduled increases.

OFB leases office and warehouse space in The Dalles, Oregon under a non-cancellable operating lease which expires September 2020. Monthly rent under the lease is currently \$2,415 after scheduled increases.

OFB leases office equipment under non-cancellable operating lease agreements through dates ranging from April 2020 to July 2021, for approximately \$2,600 per month. Fork lifts are leased month-to-month for approximately \$8,500 per month.

Total rent expense under these leases approximated \$198,700 and \$142,800 for the years ended June 30, 2018 and 2017, respectively.

OREGON FOOD BANK, INC.  
 NOTES TO FINANCIAL STATEMENTS, Continued  
 June 30, 2018

11. LEASE COMMITMENTS, Continued

Approximate future minimum lease payments under non-cancellable leases are as follows:

Year ending June 30, 2019	\$ 123,300
2020	112,400
2021	<u>86,900</u>
Total	<u><u>\$ 322,600</u></u>

12. CONTINGENCIES

Amounts received or receivable from various contracting agencies are subject to audit and potential adjustment by the contracting agencies. Any disallowed claims, including amounts already collected, would become an OFB liability if so determined in the future. It is management's belief that no significant amounts received or receivable will be required to be returned in the future.

13. BOARD DESIGNATED NET ASSETS

Board designated net assets consist of the following at June 30, 2018 and 2017:

	2018	2017
Quasi-endowment - OCF	\$ 2,019,400	\$ 1,775,871
Strategic plan	<u>2,100,000</u>	<u>2,100,000</u>
Total Board designated net assets	<u><u>\$ 4,119,400</u></u>	<u><u>\$ 3,875,871</u></u>

Quasi-Endowment

The Oregon Food Bank Endowment Fund (Fund), also known as the Board-Directed Endowment Fund or the Quasi-Endowment Fund, was established to supplement the Annual Fund and to protect major capital investments, in order to best serve the mission of OFB and achieve its long-term strategic goals. The Board established a quasi-endowment fund account at Oregon Community Foundation (OCF). Under the terms of the agreement, variance power has been granted to OCF; however, the Organization is the beneficiary of the fund and the transfer is reciprocal in nature. Accordingly, OCF recognizes the fund as a liability on its statement of financial position.

OREGON FOOD BANK, INC.  
 NOTES TO FINANCIAL STATEMENTS, Continued  
 June 30, 2018

13. BOARD DESIGNATED NET ASSETS, Continued

Quasi-Endowment, Continued

OCF maintains a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make distributions to support operations. Accordingly, OFB expects its investments to produce an average rate of return consistent with the market. Investment risk is measured in terms of the total investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

OFB may apply income from the Fund, if the Board of Directors takes specific action to do so. OFB may also use the fund principal upon a majority vote of the Board of Directors if it determines that an emergency exists such that OFB's mission and services are jeopardized. Distributions from OCF totaled \$83,318 and \$79,707 for the years ended June 30, 2018 and 2017, respectively.

Changes in the Fund for the years ended June 30, 2018 and 2017, respectively, are as follows:

	<u>2018</u>	<u>2017</u>
Balance at beginning of year	\$ 1,775,871	\$ 1,648,820
Contributions	160,500	513
Investment income, net of expenses	166,347	206,245
Less transfer to operations	<u>(83,318)</u>	<u>(79,707)</u>
Balance at year end	<u><u>\$2,019,400</u></u>	<u><u>\$ 1,775,871</u></u>

14. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following at June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Food Distribution:		
Donated product	\$ 3,771,268	\$ 3,881,175
USDA food	913,138	736,743
Other program and time restricted	<u>724,491</u>	<u>372,931</u>
Total temporarily restricted net assets	<u><u>\$ 5,408,897</u></u>	<u><u>\$ 4,990,849</u></u>

OREGON FOOD BANK, INC.  
NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2018

15. CONTRIBUTION REVENUE

Contribution revenue consists of the following for the years ended June 30, 2018 and 2017:

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>Total</u>
<b>June 30, 2018</b>			
Individuals	\$ 11,277,165	\$ 302,354	\$ 11,579,519
Foundations	261,073	255,000	516,073
Corporations	2,083,801	519,944	2,603,745
Other organizations	94,110	11,500	105,610
	<u>13,716,149</u>	<u>1,088,798</u>	<u>14,804,947</u>
Pass-through contributions	412,098	-	412,098
Total contributions	<u>\$ 14,128,247</u>	<u>\$ 1,088,798</u>	<u>\$ 15,217,045</u>
<b>June 30, 2017</b>			
Individuals	\$ 11,013,311	\$ 138,613	\$ 11,151,924
Foundations	121,120	427,000	548,120
Corporations	1,703,652	494,227	2,197,879
Other organizations	8,868	76,210	85,078
	<u>12,846,951</u>	<u>1,136,050</u>	<u>13,983,001</u>
Pass-through contributions	180,387	-	180,387
Total contributions	<u>\$ 13,027,338</u>	<u>\$ 1,136,050</u>	<u>\$ 14,163,388</u>

OREGON FOOD BANK, INC.  
NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2018

16. RETIREMENT PLAN

The Oregon Food Bank 401(k) Profit Sharing Plan allows employees to contribute funds to the Plan when hired. An employee's contributions may be made on either a pre-tax basis (the traditional 401(k) option) or on a post-tax basis (the Roth option). Employees receive OFB employer contributions of 5% of gross wages after one year of service, 6% after five years and 7% after ten years. Employees are not required to make contributions to the Plan, in order to receive an employer contribution. All contributions are fully vested when contributed. The investment decisions regarding the employer-contributed assets and employee deferrals are made by each employee. During the years ended June 30, 2018 and 2017, contributions were made to the plan and charged to operations totaled approximately \$426,100 and \$390,200, respectively.

17. RELATED PARTY TRANSACTIONS

Two members of the OFB Board of Directors served as directors for Regional Food Banks (RFBs) within the statewide network for the years ended June 30, 2018 and 2017. During this period, these RFBs purchased goods, were eligible to receive Network Support Grants from OFB and received pass-through contributions and government grant allocations based on the allocation method in place for each grant. The individuals were also eligible and received travel reimbursement to attend meetings. The Board of Directors were aware of these transactions and understood that these took place in the normal course of operations.

During the year ended June 30, 2018, Marion -Polk Food Share, whose executive director is also an OFB Board member, received Network Support Grants in the amounts of approximately \$50,000.

During the years ended June 30, 2018 and 2017, Food for Lane County, whose executive director is also an OFB Board member, received Network Support Grants in the amounts of approximately \$25,000 and \$7,500, respectively.

OREGON FOOD BANK, INC.  
NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2018

18. CONCENTRATIONS OF CREDIT RISK

The Organization maintains its cash balances in a financial institution located in Portland. The balances in the checking and savings accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2018, there was approximately \$3,182,000 in uninsured balances. At June 30, 2017, there was approximately \$936,000 in uninsured balances.

In addition, the majority of contributions and balances receivable are from organizations and individuals located within the same geographic region.

Investment securities are exposed to various risks such as interest rate, 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 statement of financial position.

19. FAIR VALUE MEASUREMENTS

Assets and liabilities recorded at fair value in the statement of financial position are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Level inputs are defined as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets and liabilities.

Level 2: Observable inputs other than those included in Level 1, such as quoted market prices for similar assets or liabilities in active markets, or quoted market prices for identical assets or liabilities in inactive markets.

Level 3: Unobservable inputs reflecting management's own assumptions about the inputs used in pricing the asset or liability. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair values requires significant management judgment or estimation.

OREGON FOOD BANK, INC.  
NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2018

19. FAIR VALUE MEASUREMENTS, Continued

Fair values of assets and liabilities measured on a recurring basis at June 30, 2018 and 2017 and are as follows:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<b>June 30, 2018</b>				
Assets:				
Investments - Fixed income funds	\$ 2,784,385	\$ 2,784,385	\$ -	\$ -
Investments - Equity funds	5,825,639	5,825,639	-	-
Beneficial interest in assets held by OCF	2,019,400	-	-	2,019,400
Equity and fixed income securities designated for annuity agreements	116,742	116,742	-	-
Liabilities:				
Obligations under annuity agreements	(98,862)	-	(98,862)	-
	<u>\$ 10,647,304</u>	<u>\$ 8,726,766</u>	<u>\$ (98,862)</u>	<u>\$ 2,019,400</u>
<b>June 30, 2017</b>				
Assets:				
Investments - Fixed income funds	\$ 2,610,935	\$ 2,610,935	\$ -	\$ -
Investments - Equity funds	5,422,524	5,422,524	-	-
Beneficial interest in assets held by OCF	1,775,871	-	-	1,775,871
Equity and fixed income securities designated for annuity agreements	120,685	120,685	-	-
Liabilities:				
Obligations under annuity agreements	(109,748)	-	(109,748)	-
	<u>\$ 9,820,267</u>	<u>\$ 8,154,144</u>	<u>\$ (109,748)</u>	<u>\$ 1,775,871</u>

Fair values for investments are determined by reference to quoted market prices and other relevant information generated by market transactions.

Investments held at OCF in pooled funds are valued at the net asset per unit as provided by OCF trustees. Net asset value is based on fair value of the underlying assets of the funds using a market approach, using quoted market prices when available.

OREGON FOOD BANK, INC.  
 NOTES TO FINANCIAL STATEMENTS, Continued  
 June 30, 2018

19. FAIR VALUE MEASUREMENTS, Continued

Assets held in trust for annuity agreements include investments in which fair values are determined by quoted market prices. Obligations under annuity agreements are determined by calculating the present value of the future distributions to be made using published life expectancy tables and applicable discount rates using an income approach.

Assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3 inputs):

Beneficial interest in assets held by OCF:

	<u>2018</u>	<u>2017</u>
Balance at beginning of year	\$ 1,775,871	\$ 1,648,820
Contributions	160,500	513
Earnings, net of fees	1,080	2,437
Change in value	165,267	203,808
Transfer to operations	<u>(83,318)</u>	<u>(79,707)</u>
Balance at end of year	<u>\$ 2,019,400</u>	<u>\$ 1,775,871</u>

The change in value is included in unrestricted investment income on the statement of activities.

20. WATERFRONT BLUES FESTIVAL EVENT

After 30 years, Oregon Food Bank stepped down as owner/operator of the Safeway Waterfront Blues Festival following the 2017 event. Ownership has been transferred to Waterfront Blues Productions. The Organization will no longer report direct revenues or expenses for this event after June 30, 2018. Oregon Food Bank is extremely grateful to the community and its partners who have worked alongside OFB for 30 years to produce this remarkable event.



REPORTS REQUIRED BY  
*GOVERNMENT AUDITING STANDARDS*  
AND THE UNIFORM GUIDANCE

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors  
Oregon Food Bank, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Oregon Food Bank, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 12, 2018.

**Internal Control Over Financial Reporting**

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the organization's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Oregon Food Bank, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

#### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*McDonald Jacobson, P.C.*

Portland, Oregon  
December 12, 2018

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

To the Board of Directors  
Oregon Food Bank, Inc.

**Report on Compliance for Each Major Federal Program**

We have audited Oregon Food Bank, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Oregon Food Bank, Inc.'s major federal programs for the year ended June 30, 2018. Oregon Food Bank, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

*Management's Responsibility*

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

*Auditor's Responsibility*

Our responsibility is to express an opinion on compliance for each of Oregon Food Bank, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Oregon Food Bank, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### *Opinion on Each Major Federal Program*

In our opinion, Oregon Food Bank, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

### **Report on Internal Control Over Compliance**

Management of Oregon Food Bank, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Oregon Food Bank, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Oregon Food Bank, Inc.'s internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*McDonald Jacoby, P.C.*

Portland, Oregon  
December 12, 2018

**OREGON FOOD BANK, INC.**  
**SCHEDULE OF EXPENDITURES FEDERAL AWARDS**  
For the year ended June 30, 2018

Federal Grantor/Pass-through Grantor Program title	Contract Number	Federal CFDA Number	Federal Expenditures	Federal Sub-awards
<b>U.S. Department of Agriculture</b>				
<i>Pass-through from Oregon Department of Human Services</i>				
Emergency Food Assistance Program - Administration	150326	10.568	\$ 770,267	\$ 240,132
Emergency Food Assistance Program - Food Commodities	150326	10.569	7,236,330	7,236,330
Commodity Supplemental Food Program - Administration	150326	10.565	199,254	164,601
Commodity Supplemental Food Program - Food Commodities	150326	10.565	<u>255,524</u>	<u>255,524</u>
Total Food Assistance Cluster			8,461,375	7,896,587
Supplemental Nutrition Assistance Program - Able Bodied Adults without Dependents	150326	10.561	85,350	-
USDA Beginning Farmer	AO172501X443G035	10.443	<u>171,100</u>	<u>55,000</u>
Total U.S. Department of Agriculture			<u>8,717,825</u>	<u>7,951,587</u>
<b>U.S Department of Homeland Security</b>				
Passed through from Multnomah County EFSP-Bulk Purchase		97.024	108,591	108,591
Passed through from Clackamas County EFSP-Bulk Purchase		97.024	36,586	36,586
Passed through from Washington County EFSP-Bulk Purchase		97.024	59,559	59,559
Passed through for EFSP-Bulk Purchase Administration		97.024	<u>4,178</u>	<u>-</u>
Total U.S. Department of Homeland Security			<u>208,914</u>	<u>204,736</u>
Total expenditures of federal awards			<u>\$ 8,926,739</u>	<u>\$ 8,156,323</u>

See notes to schedule of expenditures of federal awards.

OREGON FOOD BANK, INC.  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the year ended June 30, 2018

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes all federal grant activity of Oregon Food Bank, Inc. under programs of the federal government for the year ended June 30, 2018. The information in this schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Oregon Food Bank, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of Oregon Food Bank, Inc.

2. EXPENDITURES

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Oregon Food Bank, Inc. has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Total expenditures of federal awards	\$ 8,926,739
Non-federal expenditures	<u>64,590,336</u>
Total expenses per statement of activities	<u>\$ 73,517,075</u>

3. FOOD DISTRIBUTION

The value of USDA food commodities received during the year was estimated by the State of Oregon and USDA. The value of USDA food commodities distributed during the year includes amounts held in inventory at the beginning of the year. As of June 30, 2018, Oregon Food Bank, Inc. had an inventory of USDA food commodities of \$913,138.

4. OTHER DISCLOSURES

*Loans and loan guarantees and insurance:* Oregon Food Bank had no loans or loan guarantees outstanding and no insurance was issued to recipients during the year ended June 30, 2018.



OREGON FOOD BANK, INC.  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
For the year ended June 30, 2018

NONE: There were no prior year audit findings.

OREGON FOOD BANK, INC.  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 For the year ended June 30, 2018

Section I - Summary of Auditor's Results

**Financial Statements:**

Type of auditor's report issued:	Unmodified
Internal control over financial reporting: Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weakness(es)?	None reported
Noncompliance material to financial statements noted?	No

**Federal Awards:**

Internal control over major programs: Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weakness(es)?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

**Identification of Major Programs:**

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
97.024	Emergency Food And Shelter National Board Program
	Food Assistance Cluster:
10.565	Commodity Supplemental Food Program
10.568	Emergency Food Assistance Program - Administration
10.569	Emergency Food Assistance Program - Food Commodities

OREGON FOOD BANK, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, Continued  
For the year ended June 30, 2018

Section 1 - Summary of Auditor's Results, Continued

Dollar threshold used to distinguish between Type A and Type B programs.	\$750,000
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Auditee qualified as low-risk auditee?	Yes
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Section 2 - Financial Statement Findings

None reported.

Section 3 - Federal Award Findings and Questioned Costs

No matters reported.

OREGON FOOD BANK, INC.  
CORRECTIVE ACTION PLAN  
For the year ended June 30, 2018

There were no audit findings.