

**FOOD FOR LANE COUNTY, INC.**

**FINANCIAL STATEMENTS AND  
SINGLE AUDIT INFORMATION**

**For the Years Ended June 30, 2018 and 2017**



FOOD FOR LANE COUNTY, INC.  
FINANCIAL STATEMENTS AND SINGLE AUDIT INFORMATION  
For the Years Ended June 30, 2018 and 2017

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## INTRODUCTORY SECTION

FOOD FOR LANE COUNTY, INC.  
BOARD OF DIRECTORS  
June 30, 2018

Stephen Mallery  
Chair

Linda Eaton  
Vice Chair

Gary Powell  
Past Chair

Rachel Ulrich  
Secretary

Mike Drennan  
Treasurer

Benj Epstein  
Development Chair

Diana Bray  
Director

Keri Garcia  
Director

Todd Gorham  
Director

Greg Hazarabedian  
Director

Justin King  
Director

Charles Stanton  
Director

Sarah Stapleton  
Director

Jossi Stokes  
Director

Dr. Thomas K. Wuest  
Director

Boris Wiedenfeld-Needham  
Director

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
FOOD for Lane County, Inc.  
Eugene, Oregon

### Report on the Financial Statements

We have audited the accompanying financial statements of FOOD for Lane County, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 audits 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of FOOD for Lane County, Inc. as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Other Information*

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits 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 October 15, 2018 on our consideration of FOOD for Lane County, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering FOOD for Lane County, Inc.'s internal control over financial reporting and compliance.



Jones & Roth, P.C.  
Eugene, Oregon  
October 15, 2018

## FINANCIAL STATEMENTS

FOOD FOR LANE COUNTY, INC.  
STATEMENTS OF FINANCIAL POSITION  
June 30, 2018 and 2017

	2018	2017
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 1,408,002	\$ 918,048
Investments (Note 2)	1,184,776	1,025,965
Grants and program receivables	262,932	207,365
Pledges receivable, current (Note 3)	416,835	-
Inventory (Note 4)	981,772	1,072,347
Prepaid expenses	52,340	73,488
Total current assets	4,306,657	3,297,213
<b>Property and equipment</b>		
Buildings	5,054,900	3,347,604
Land	696,492	290,492
Leasehold improvements	28,384	21,169
Equipment	561,049	529,918
Vehicles	550,067	506,931
Construction in process	134,098	34,335
	7,024,990	4,730,449
Accumulated depreciation	(2,164,799)	(1,975,572)
Property and equipment, net	4,860,191	2,754,877
<b>Other assets</b>		
Beneficial interest in the assets of the Oregon Community Foundation (OCF) (Note 5)	1,543,586	1,482,295
Pledges receivable, long-term	72,328	-
Restricted investments held for endowment fund	60,473	58,426
Total other assets	1,676,387	1,540,721
<b>Total assets</b>	<b>\$ 10,843,235</b>	<b>\$ 7,592,811</b>



	<u>2018</u>	<u>2017</u>
<b>Liabilities and Net Assets</b>		
<b>Current liabilities</b>		
Accounts payable and other liabilities	\$ 198,902	\$ 148,233
Accrued payroll, vacation and related payroll liabilities	198,375	174,506
Current maturities of long-term debt	<u>37,900</u>	<u>-</u>
Total current liabilities	435,177	322,739
<b>Long-term liabilities</b>		
Long-term debt, net of current maturities (Note 6)	<u>1,503,404</u>	<u>-</u>
Total liabilities	<u>1,938,581</u>	<u>322,739</u>
<b>Net assets</b>		
Unrestricted:		
Undesignated	4,730,817	3,937,939
Board-designated endowment (Note 5)	<u>1,543,585</u>	<u>1,482,296</u>
Total unrestricted	6,274,402	5,420,235
Temporarily restricted (Note 8)	2,582,235	1,801,820
Permanently restricted (Note 8)	<u>48,017</u>	<u>48,017</u>
Total net assets	<u>8,904,654</u>	<u>7,270,072</u>
<b>Total liabilities and net assets</b>	<u>\$ 10,843,235</u>	<u>\$ 7,592,811</u>

The accompanying notes are an integral part of these statements.

FOOD FOR LANE COUNTY, INC.  
STATEMENTS OF ACTIVITIES  
For the Years Ended June 30, 2018 and 2017

	2018			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
<b>Revenue and other support</b>				
Contributions and promises to give	\$ 2,527,827	\$ 260,344	\$ -	\$ 2,788,171
Capital campaign contributions	-	1,556,146	-	1,556,146
Corporate and foundation grants	255,551	486,497	-	742,048
Government grants and contracts	741,797	418,110	-	1,159,907
Wholesale revenue and program sales	193,246	-	-	193,246
Donated goods and services	116,722	33,293	-	150,015
Donated food (Note 10)	-	9,791,932	-	9,791,932
Government commodities (Note 10)	-	824,303	-	824,303
Miscellaneous income	102,608	-	-	102,608
Investment and interest income	67,679	-	-	67,679
Change in beneficial interest in the assets of the OCF	124,925	-	-	124,925
Net assets released from restrictions	<u>12,590,210</u>	<u>(12,590,210)</u>	<u>-</u>	<u>-</u>
 Total revenue and other support	 <u>16,720,565</u>	 <u>780,415</u>	 <u>-</u>	 <u>17,500,980</u>
<b>Expenses</b>				
Food distribution program	14,529,167	-	-	14,529,167
Resource development	903,583	-	-	903,583
Administration	<u>433,648</u>	<u>-</u>	<u>-</u>	<u>433,648</u>
 Total expenses	 <u>15,866,398</u>	 <u>-</u>	 <u>-</u>	 <u>15,866,398</u>
 <b>Change in net assets</b>	 854,167	 780,415	 -	 1,634,582
Net assets, beginning of year	<u>5,420,235</u>	<u>1,801,820</u>	<u>48,017</u>	<u>7,270,072</u>
Net assets, end of year	<u>\$ 6,274,402</u>	<u>\$ 2,582,235</u>	<u>\$ 48,017</u>	<u>\$ 8,904,654</u>

## 2017

<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
\$ 2,535,881	\$ 287,076	\$ -	\$ 2,822,957
-	102,099	-	102,099
230,482	397,663	-	628,145
825,494	323,040	-	1,148,534
216,676	-	-	216,676
147,198	-	-	147,198
-	9,763,722	-	9,763,722
-	839,751	-	839,751
12,287	-	-	12,287
103,505	9,694	-	113,199
191,918	-	-	191,918
<u>11,309,061</u>	<u>(11,309,061)</u>	<u>-</u>	<u>-</u>
<u>15,572,502</u>	<u>413,984</u>	<u>-</u>	<u>15,986,486</u>
13,950,674	-	-	13,950,674
825,366	-	-	825,366
427,474	-	-	427,474
<u>15,203,514</u>	<u>-</u>	<u>-</u>	<u>15,203,514</u>
368,988	413,984	-	782,972
<u>5,051,247</u>	<u>1,387,836</u>	<u>48,017</u>	<u>6,487,100</u>
<u>\$ 5,420,235</u>	<u>\$ 1,801,820</u>	<u>\$ 48,017</u>	<u>\$ 7,270,072</u>

The accompanying notes are an integral part of these statements.

FOOD FOR LANE COUNTY, INC.  
STATEMENTS OF FUNCTIONAL EXPENSES  
For the Years Ended June 30, 2018 and 2017

	2018			
	Food Distribution Program	Resource Development	Administration	Total
<b>Operating expenses</b>				
Personnel expenses:				
Salaries	\$ 1,787,861	\$ 370,064	\$ 300,992	\$ 2,458,917
Payroll taxes	157,756	27,539	27,197	212,492
Health and pension benefits	<u>368,920</u>	<u>65,800</u>	<u>34,453</u>	<u>469,173</u>
Total personnel expenses	<u>2,314,537</u>	<u>463,403</u>	<u>362,642</u>	<u>3,140,582</u>
Non-personnel expenses:				
Donated goods distributed	10,718,565	-	-	10,718,565
Food purchases	637,893	-	-	637,893
Non-food purchases	9,619	-	-	9,619
Delivery and vehicle expenses	88,177	-	66	88,243
Program supplies and services	160,587	1,413	909	162,909
Insurance	22,233	3,169	514	25,916
Facilities rental	16,229	-	-	16,229
Repairs and maintenance	28,821	2,783	1,907	33,511
Equipment, rentals, and leases	35,507	3,457	6,415	45,379
Office expense	10,753	1,031	3,327	15,111
Telecommunications	15,274	1,387	1,713	18,374
Dues, publications, and awards	1,564	1,095	2,842	5,501
Travel, training, and conferences	32,203	2,409	7,340	41,952
Consultants and contractual services	48,007	14,421	17,699	80,127
Special events, direct mail, and promotional	2,315	248,947	-	251,262
Utilities	100,735	2,516	1,724	104,975
Miscellaneous	7,877	1,584	19,639	29,100
Grants to partner agencies	2,216	-	-	2,216
Capital campaign expenses	-	71,490	-	71,490
In-kind services and supplies	27,580	76,126	1,374	105,080
Interest expense	58,933	-	-	58,933
Depreciation	<u>189,542</u>	<u>8,352</u>	<u>5,537</u>	<u>203,431</u>
Total non-personnel expenses	<u>12,214,630</u>	<u>440,180</u>	<u>71,006</u>	<u>12,725,816</u>
<b>Total operating expenses</b>	<u>\$ 14,529,167</u>	<u>\$ 903,583</u>	<u>\$ 433,648</u>	<u>\$ 15,866,398</u>

2017

Food Distribution Program	Resource Development	Administration	Total
\$ 1,767,509	\$ 356,931	\$ 291,164	\$ 2,415,604
155,445	25,901	24,534	205,880
<u>301,534</u>	<u>58,530</u>	<u>33,934</u>	<u>393,998</u>
<u>2,224,488</u>	<u>441,362</u>	<u>349,632</u>	<u>3,015,482</u>
10,452,510	-	-	10,452,510
537,348	-	-	537,348
11,792	-	-	11,792
79,574	-	265	79,839
143,333	1,196	874	145,403
16,166	2,569	1,431	20,166
19,390	-	-	19,390
32,576	2,251	1,582	36,409
49,866	3,743	5,370	58,979
7,193	1,268	2,496	10,957
15,802	1,302	2,169	19,273
2,131	762	2,596	5,489
31,605	1,797	7,527	40,929
35,931	9,443	25,326	70,700
7,967	275,504	-	283,471
100,057	2,502	1,758	104,317
1,239	1,256	20,633	23,128
407	-	-	407
-	3,700	-	3,700
78,662	68,536	-	147,198
-	-	117	117
<u>102,637</u>	<u>8,175</u>	<u>5,698</u>	<u>116,510</u>
<u>11,726,186</u>	<u>384,004</u>	<u>77,842</u>	<u>12,188,032</u>
<u>\$ 13,950,674</u>	<u>\$ 825,366</u>	<u>\$ 427,474</u>	<u>\$ 15,203,514</u>

The accompanying notes are an integral part of these statements.

FOOD FOR LANE COUNTY, INC.  
STATEMENTS OF CASH FLOWS  
For the Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 1,634,582	\$ 782,972
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	203,431	116,510
Loss on asset disposal	10,714	13,874
Donated property and equipment	(41,439)	-
Realized and unrealized gains on investments	(26,441)	(77,763)
Net change in beneficial interest in the assets of OCF	(124,925)	(191,918)
Contribution of investments	(213,941)	(132,460)
(Increase) decrease in operating assets:		
Grants and program receivables	(55,567)	(35,235)
Pledges receivable	(489,163)	-
Inventory	90,575	(209,784)
Prepaid expenses	21,148	(44,751)
Increase (decrease) in operating liabilities:		
Accounts payable and other liabilities	50,669	(42,686)
Accrued payroll, vacation, and related payroll liabilities	23,869	(32,204)
Deferred revenue	-	(13,970)
Net cash provided by operating activities	<u>1,083,512</u>	<u>132,585</u>
<b>Cash flows from investing activities</b>		
Net purchases of investments	(365,651)	(434,177)
Proceeds from sales of investments	442,222	676,610
Deposits to restricted investments held for endowment	-	(2,623)
Withdrawals from restricted investments held for endowment	2,953	-
Proceeds from beneficial interest in assets of OCF	63,634	63,666
Proceeds from sale of equipment	12,000	-
Purchase of property and equipment	<u>(2,290,020)</u>	<u>(93,476)</u>
Net cash provided (used) by investing activities	<u>(2,134,862)</u>	<u>210,000</u>
<b>Cash flows from financing activities</b>		
Proceeds from long-term debt	1,575,000	-
Principal payments on long-term debt	<u>(33,696)</u>	<u>-</u>
Net cash provided by financing activities	<u>1,541,304</u>	<u>-</u>
<b>Net increase in cash and cash equivalents</b>	489,954	342,585
Cash and cash equivalents, beginning of year	<u>918,048</u>	<u>575,463</u>
Cash and cash equivalents, end of year	<u>\$ 1,408,002</u>	<u>\$ 918,048</u>
<b>Supplemental disclosure of cash flow information</b>		
Cash paid for interest	<u>\$ 58,933</u>	<u>\$ 117</u>

The accompanying notes are an integral part of these statements.

FOOD FOR LANE COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS

**1. Organization and Summary of Significant Accounting Policies**

**Nature of Organization**

FOOD for Lane County, Inc. (FFLC), a nonprofit organization, is a regional food bank serving all of Lane County, Oregon. FFLC solicits, grows, rescues, and collects food which is then distributed through nonprofit member agencies providing food box programs, emergency shelters, soup kitchens, and residential treatment services. FFLC strives to increase public awareness of hunger. Approximately 7,966,000 pounds and 7,794,000 pounds of food were distributed in the years ended June 30, 2018 and 2017, respectively.

A substantial amount of support comes from donated food, including donations of commodities received through Oregon Food Bank; food rescued from restaurants, grocery stores, and the University of Oregon; and donations of food by the general public.

**Financial Statement Preparation**

The financial statements of FFLC have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities. In accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), FFLC reports financial information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

**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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Income Tax Status**

FFLC is an exempt organization under Section 501(c)(3) of the Internal Revenue Code (IRC). In addition, FFLC qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2). FFLC files required informational returns with both the U.S. federal jurisdiction and the state of Oregon.

**Financial Instruments**

***Concentration of Credit Risk Due to Grants and Program Receivables***

Concentrations of credit risk with respect to grants receivable are limited to governmental agencies in the state of Oregon, including some pass-through nonprofit and federal grants and grants from charitable foundations. Concentrations of credit risk with respect to pledges receivable are limited to supporters of FFLC. As of June 30, 2018, receivables from two agencies accounted for 63 percent of the total receivable balance. As of June 30, 2017, receivables from four agencies accounted for 79 percent of the total receivable balance.

FOOD FOR LANE COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS

**1. Organization and Summary of Significant Accounting Policies, continued**

**Financial Instruments, continued**

***Concentrations of Credit Risk Arising From Deposits in Excess of Insured Limits***

FFLC maintains cash balances at several financial institutions located in Eugene, Oregon. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. In 2018 and 2017, bank balances exceeded FDIC insurance limits at various times during the year. At June 30, 2018, and 2017, cash balances held in excess of federally insured limits were \$241,821 and \$166,440, respectively.

Additionally, FFLC maintains investment and cash equivalent balances which are insured by the Securities Investor Protection Corporation (SIPC) up to \$500,000 at each financial institution. Balances exceeded SIPC insurance limits at various times during the year. At June 30, 2018, and 2017, investment and cash equivalent balances held in excess of insured limits were \$1,544,478 and \$1,084,097, respectively.

**Cash and Cash Equivalents**

For purposes of the statements of cash flows, FFLC considers all unrestricted, highly liquid investments with an initial maturity of three months or less to be cash equivalents. Cash and cash equivalents include savings, checking accounts, money market funds, and certificates of deposit with less than three months original maturity.

**Investments**

Investments are measured at fair value in the statements of financial position. Investment income or loss (including gains and losses on investments, interest and dividends) is included in the statements of activities as increases or decreases in unrestricted net assets, unless the income or loss is restricted by donor or law.

**Grants and Program Receivables**

Grants and program receivables are primarily comprised of amounts receivable from state and local governments and other agencies that provide assistance to FFLC for its programs. Management considers historical write-offs when assessing the need for an allowance. As of June 30, 2018 and 2017, management considers the amounts fully collectible; therefore, management has elected not to record an allowance. Receivables are not secured.

**Pledges Receivable**

Pledges receivable are uncollateralized and recognized when the unconditional pledges are made. Management has assessed the collectability of pledges receivable and as of June 30, 2018, management considers the amount fully collectible; therefore, management has elected not to record an allowance. Pledges are stated at the amount FFLC expects to collect.

**Property and Equipment**

Property and equipment are carried at cost or, if donated, at the approximate fair market value at the date of donation. Depreciation is computed using the straight line method over the estimated lives of the assets. Property and equipment with a cost of \$2,500 or more are capitalized.



FOOD FOR LANE COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS

**1. Organization and Summary of Significant Accounting Policies, continued**

**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. Support that is restricted by the donor 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 statements of activities as, "net assets released from restrictions". The endowment fund is permanently restricted by the donor. Investment earnings on this endowment are available for distribution and are recorded in temporarily restricted net assets until used for the intended purpose.

**Donated Assets**

Donated marketable securities and other non-cash donations are recorded as contributions at their estimated fair market value at the date of donation. Donated marketable securities are immediately sold and gain or loss, if significant, is recognized for the change in value from the date of donation to the date of sale.

**Donated Property and Equipment**

Donations of property and equipment are recorded as contributions at their estimated fair market value at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, FFLC reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. FFLC reclassifies temporarily restricted net assets to unrestricted net assets at that time.

**Donated Goods and Services**

Contributions for goods and services are recorded at their estimated fair market value at the date of contribution. No amounts have been reflected in the financial statements for donated services, other than services requiring specific expertise or which create or enhance non-financial assets. However, many individuals volunteer their time and perform a variety of tasks that assist FFLC with specific programs and various committee assignments. During the year ended June 30, 2018, FFLC received approximately 74,000 volunteer hours from several thousand people. Valued at \$13 per hour, this would be \$962,000. During the year ended June 30, 2017, FFLC received approximately 78,000 volunteer hours from several thousand people. Valued at \$12 per hour, this would be \$936,000.

Donations of services requiring specific expertise or that create or enhance non-financial assets are recorded as in-kind contributions at their estimated fair market value at the date of donation. Various services with a value of \$33,776 and \$118,554 were recorded as in-kind contributions during the years ended June 30, 2018 and 2017, respectively, and are included in the amounts listed in the table below.

FOOD FOR LANE COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS

**1. Organization and Summary of Significant Accounting Policies, continued**

For the years ended June 30, the estimated value of total donated goods and services was as follows:

	2018	2017
Food distribution	\$ 14,058	\$ 74,727
Meals on Wheels	30,616	-
Family Dinner Program	4,371	-
Garden Program	22,846	3,935
Resource development	78,124	68,536
Total donated goods and services	\$ 150,015	\$ 147,198

**Share Contribution and USDA Reimbursement**

Oregon Food Bank is the statewide distribution network for food donations. FFLC pays a share contribution fee at \$.04 per pound to help Oregon Food Bank offset a portion of the handling and redistribution costs they incur. FFLC does not charge a share contribution fee to its partner agencies; all agencies receive food free of charge.

**Expense Allocation**

FFLC allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program and support service are allocated directly to that program or service according to their natural expenditure classification. Other expenses that are common to several functions are allocated based on employee hours worked in each program.

**Advertising Costs**

FFLC's advertising costs are expensed as incurred. Advertising costs totaled \$22,759 and \$18,130 for the years ended June 30, 2018 and 2017, respectively, and are included in fundraising and promotional expense on the statements of functional expenses.

**Reclassifications**

Certain prior year amounts have been reclassified to conform to current year presentation. Such reclassification had no effect on previously reported net assets or change in net assets.

**2. Investments**

Investments are comprised of mutual funds in the bond and equity markets.

At June 30, investment and interest income was comprised of the following:

	2018	2017
Interest and dividends	\$ 41,238	\$ 35,436
Unrealized gains	26,619	35,027
Realized gains (losses)	(178)	42,736
Total investment and interest income	\$ 67,679	\$ 113,199

FOOD FOR LANE COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS

**3. Pledges Receivable**

Pledges receivable are restricted for use in rehabilitation of a second warehouse for FFLC. At June 30, pledges receivable consisted of the following:

	2018	2017
Amounts due in:		
Less than one year	\$ 416,835	\$ -
One to five years	72,328	-
 Total pledges receivable	 \$ 489,163	 \$ -

**4. Inventory**

Inventory is valued on a first-in, first-out basis and consists of donated goods, United States Department of Agriculture (USDA) commodities received from the government, and purchased food. The donated goods inventory for the years ended June 30, 2018 and 2017, was stated at \$1.54 per pound and represents the estimated fair market value for food received through Oregon Food Bank or donated by the public. USDA commodities were stated at the values provided by the USDA. Purchased food inventory was stated at cost.

**5. Beneficial Interest in the Assets of the Oregon Community Foundation**

During 2010, FFLC established a Board-designated endowment fund with the Oregon Community Foundation (OCF). This fund is used by OCF as the source of unrestricted grants for FFLC. The agreement with OCF stipulates OCF maintains variance power over the fund and that the fund shall be held and owned by OCF. OCF may distribute, on an annual basis, a fixed percentage of the fund assets. The percentage is determined by the Board of Directors of OCF. The agreement also provides that, upon written request from a supermajority of the Board of Directors of FFLC, additional distributions may be made from the fund assets, even to the exhaustion of the fund, if in the sole judgment of the Board of Directors of OCF the requested distribution is consistent with the objectives and purpose of FFLC. The balance of the endowment fund is considered an other asset and is included in Board-designated unrestricted net assets.

Income or loss on the investments held by OCF, including unrealized gains and losses on the investments, interest, and dividends, is included in the statements of activities as the net change in beneficial interest in the assets of OCF and is considered unrestricted.

FOOD FOR LANE COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS

**5. Beneficial Interest in the Assets of the Oregon Community Foundation, continued**

The following schedule summarizes the activity of this endowment fund, reported at fair value, for the years ended June 30:

	<u>2018</u>	<u>2017</u>
Net investment returns:		
Interest and dividends	\$ 12,115	\$ 11,933
Realized gains, net	20,093	23,845
Unrealized gains, net	<u>104,755</u>	<u>167,501</u>
Net investment returns	<u>136,963</u>	<u>203,279</u>
Expenses and distributions:		
Approved distributions	63,634	63,666
Investment management fees	5,940	5,534
Oregon Community Foundation fees	<u>6,098</u>	<u>5,828</u>
Expenses and distributions	<u>75,672</u>	<u>75,028</u>
Increase in beneficial interest	61,291	128,251
Beginning balance	<u>1,482,295</u>	<u>1,354,044</u>
Ending balance	<u>\$ 1,543,586</u>	<u>\$ 1,482,295</u>

**6. Long-term Debt**

At June 30, long-term debt consisted of the following:

	<u>2018</u>	<u>2017</u>
Note payable, Umpqua Bank, with monthly installments of \$8,421, including interest at 4.06%, due July 2027, secured by real property.	\$ 1,541,304	\$ -
Current maturities	<u>(37,900)</u>	<u>-</u>
Long-term debt, net of current maturities	<u>\$ 1,503,404</u>	<u>\$ -</u>

The note payable to Umpqua Bank requires certain covenants related to cash flow, debt service coverage, and financial reporting to the lending institution. FFLC's management believes it was in compliance with all relevant covenants as of June 30, 2018.

FOOD FOR LANE COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS

**6. Long-term Debt, continued**

The following are the combined aggregate amounts of maturities for long-term borrowings for each of the next five years:

<u>Year Ending June 30,</u>	
2019	\$ 37,900
2020	39,300
2021	41,100
2022	42,900
2023	44,700
Thereafter	<u>1,335,404</u>
Total	<u>\$ 1,541,304</u>

**7. Bank Line of Credit**

FFLC had a line of credit agreement with Columbia Bank which permitted borrowings of up to \$400,000 at a variable interest rate equal to the lender's prime rate. The interest rate was 4.25 percent at June 30, 2017. The line of credit was collateralized by FFLC's accounts receivable, inventory, and equipment. The line of credit matured in October 2017 and management elected not to renew the line.

In July 2017, FFLC entered into a line of credit agreement with Umpqua Bank which permits borrowings of up to \$400,000 at a variable interest rate equal to the lender's prime rate, which was 5.00 percent at June 30, 2018. The line matures in July 2020. The line of credit is collateralized by FFLC's accounts receivable, inventory, and equipment. There was no balance on the line of credit at June 30, 2018.

**8. Restrictions of Net Assets**

At June 30, temporarily restricted net assets were available for the following purposes or periods:

	<u>2018</u>	<u>2017</u>
Food distribution:		
Donated food inventory	\$ 837,948	\$ 915,382
USDA food inventory	<u>111,988</u>	<u>132,503</u>
Total food distribution	949,936	1,047,885
Meals on Wheels program	513,461	468,390
Capital campaign	902,433	70,050
For other programs	<u>216,405</u>	<u>215,495</u>
Total temporarily restricted net assets	<u>\$ 2,582,235</u>	<u>\$ 1,801,820</u>

FOOD FOR LANE COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS

**8. Restrictions of Net Assets, continued**

Permanently restricted net assets consist of an endowment fund. The income from the endowment assets can be used to hire a part-time physically or mentally disabled individual to assist in the warehouse.

	2018	2017
Greg Webster Endowment	\$ 48,017	\$ 48,017

**9. Board Designated Net Assets**

During the year ended June 30, 2018, the FOOD for Lane County Board of Directors voted to designate \$250,000 of accumulated unrestricted net operating assets towards use in the capital campaign related to the Broadway warehouse acquisition and renovation. These net assets have yet to be spent and remain unrestricted as of the balance sheet date.

**10. Donated Food and Commodities**

Donations of food and commodities are recorded as support at their estimated fair market value. Commodities received from the USDA are recorded at the estimated value provided by the USDA. Donations of non-USDA food commodities received through Oregon Food Bank and from other sources for the years ended June 30, 2018 and 2017, were valued at estimated fair market value at the date of donation. For the years ended June 30, 2018 and 2017, the estimated fair market values used to record food donations was \$1.54 per pound. Inventory of current year food donations not distributed is reflected as temporarily restricted assets. Total estimated value of donated food and commodities received during the years ended June 30, 2018 and 2017, was \$10,616,235 and \$10,603,472, respectively.

**11. Employee Benefit Plan**

**Tax-Deferred Retirement Plan**

Effective January 1, 2009, the Board of Directors of FFLC authorized a change from the tax-deferred retirement program under Section 403(b) to a SIMPLE IRA plan under Section 408(p) of the IRC (the Plan). The Plan is administered by FFLC and offers participating employees a choice of several different investment funding options. In addition to FFLC contributions to the Plan, employees may elect to contribute to the Plan through salary deferrals. Under the Plan, FFLC matches employee contributions dollar-for-dollar from 1 percent to 3 percent of employee salary.

An employee is eligible to receive FFLC contributions the first day of the month after 90 days of continuous employment. Only employees earning \$5,000 or more in wages annually are eligible to participate in the Plan and receive FFLC contributions. For the years ended June 30, 2018 and 2017, FFLC contributed \$56,569 and \$56,109, respectively, to the Plan.

FOOD FOR LANE COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS

**12. Grants**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by such agencies. Any disallowed costs could become a liability of FFLC. Management believes there are no such unallowable costs.

**13. Fair Value Measurement**

Accounting principles generally accepted in the United States of America define fair value, establish a framework for measuring fair value, and establish a fair value hierarchy that prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability; in the absence of a principal market, the most advantageous market.

Valuation techniques that are consistent with the market, income, or cost approach are used to measure fair value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

Level 1: Inputs are quoted prices in active markets for identical assets or liabilities for which the Organization has the ability to access at the measurement date.

Level 2: Inputs (other than quoted prices included within Level 1) that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. 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 determination of fair value requires significant management judgment or estimation.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The following tables set forth by level, within the fair value hierarchy, FFLC's investments at fair value as of June 30:

	Assets at Fair Value as of June 30, 2018			
	Level 1	Level 2	Level 3	Total
Investments – mutual funds	\$ 62,573	\$ -	\$ -	\$ 62,573
Investments – bond mutual funds	621,477	-	-	621,477
Investments – equity mutual funds	561,199	-	-	561,199
Beneficial interest in the assets of OCF	-	-	1,543,585	1,543,586
<b>Total assets at fair value</b>	<b><u>\$ 1,245,249</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 1,543,586</u></b>	<b><u>\$ 2,788,835</u></b>

FOOD FOR LANE COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS

**13. Fair Value Measurement,** continued

	Assets at Fair Value as of June 30, 2017			
	Level 1	Level 2	Level 3	Total
Investments – mutual funds	\$ 58,426	\$ -	\$ -	\$ 58,426
Investments – bond mutual funds	561,578	-	-	561,578
Investments – equity mutual funds	464,387	-	-	464,387
Beneficial interest in the assets of OCF	-	-	1,482,295	1,482,295
Total assets at fair value	<u>\$ 1,084,391</u>	<u>\$ -</u>	<u>\$ 1,482,295</u>	<u>\$ 2,566,686</u>

**14. Commitments**

FFLC entered into a Construction Contract Agreement in June 2018 for construction services in connection with renovation of the West Broadway warehouse. At June 30, 2018, the total price of the contract had yet to be determined and construction on the building had not yet begun.

**15. Subsequent Events**

Management evaluates events and transactions that occur after the statement of financial position date as potential subsequent events. Management has performed this evaluation through the date of the independent auditor's report.



## SINGLE AUDIT INFORMATION

FOOD FOR LANE COUNTY, INC.  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Year Ended June 30, 2018

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Contract Number</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>	<u>Passed Through to Subrecipients</u>
<b>U.S. Department of Agriculture</b>				
Passed through Lane County:				
Special Supplemental Nutrition Program for Women, Infants and Children	51504	10.557	\$ 5,500	\$ -
<b>SNAP Cluster:</b>				
Passed through Oregon Food Bank, Inc.:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program		10.561	4,754	-
<b>Food Distribution Cluster:</b>				
Passed through Oregon Food Bank, Inc.:				
Commodity Supplemental Food Program		10.565	116,996	-
Emergency Food Assistance Program - Administration		10.568	46,111	-
Emergency Food Assistance Program - Food Commodities		10.569	754,715	752,483
Total Food Distribution Cluster			917,822	752,483
<b>Child Nutrition Cluster:</b>				
Passed through Oregon Department of Education:				
Summer Food Service Program for Children	2006004	10.559	238,162	-
Total U.S. Department of Agriculture			1,166,238	752,483
<b>U.S. Department of Housing and Urban Development</b>				
<b>CDBG - Entitlement Grants Cluster:</b>				
Passed through Lane County:				
Community Development Block Grant - City of Eugene	53461/53464	14.218	146,562	-
Community Development Block Grant - City of Springfield	53461	14.218	19,770	-
Total U.S. Department of Housing and Urban Development			166,332	-

FOOD FOR LANE COUNTY, INC.  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Continued  
 For the Year Ended June 30, 2018

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Contract Number</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>	<u>Passed Through to Subrecipients</u>
<b>U.S. Department of Health and Human Services</b>				
<i><b>Aging Cluster:</b></i>				
Passed through Lane Council of Governments:				
Older Americans Act		93.045	93,057	-
Nutrition Services Incentive Program		93.053	<u>29,624</u>	<u>-</u>
Total U.S. Department of Health and Human Services			<u>122,681</u>	<u>-</u>
<b>U.S. Department of Homeland Security</b>				
Passed through Lane County Emergency Food and Shelter Board:				
Emergency Food and Shelter National Program	712800	97.024	<u>84,335</u>	<u>-</u>
Total federal awards			<u>\$ 1,539,586</u>	<u>\$ 752,483</u>

FOOD FOR LANE COUNTY, 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 (the Schedule) includes the federal award activity of FOOD for Lane County, Inc. (FFLC) 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 Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. The Schedule is not intended to and does not present the financial position, changes in net assets, or cash flows of FFLC.

**2. Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Expenditures reported on the Schedule include non-monetary assistance in the form of food and other commodities received through the USDA Food Distribution Cluster of federal programs. The amount expended is determined based on the pounds of such commodities distributed using the per pound value provided by USDA. At June 30, 2018, FFLC had government food commodities totaling \$111,988 in inventory which were not reported as expenditures in the Schedule as the food commodities were not yet distributed.

FFLC has elected to use the ten percent de minimis indirect cost rate as allowed under 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  
FOOD for Lane County, Inc.  
Eugene, Oregon

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 FOOD for Lane County, 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 October 15, 2018.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered FOOD for Lane County, 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 FOOD for Lane County, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of FOOD for Lane County Inc.'s internal control.

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

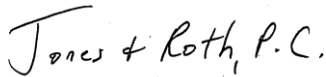
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether FOOD for Lane County, 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.

A handwritten signature in cursive script that reads "Jones & Roth, P.C.".

Jones & Roth, P.C.  
Eugene, Oregon  
October 15, 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  
FOOD for Lane County, Inc.  
Eugene, Oregon

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

We have audited FOOD for Lane County, 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 FOOD for Lane County, Inc.'s major federal programs for the year ended June 30, 2018. FOOD for Lane County, 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 FOOD for Lane County, 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; 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 FOOD for Lane County, 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 FOOD for Lane County, Inc.'s compliance.

### **Opinion on Each Major Federal Program**

In our opinion, FOOD for Lane County, 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 FOOD for Lane County, 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 FOOD for Lane County, 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 FOOD for Lane County, Inc.'s internal control over compliance.

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

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



Jones & Roth, P.C.  
Eugene, Oregon  
October 15, 2018



FOOD FOR LANE COUNTY, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2018

**Summary of Auditor's Results**

- The independent auditor's report expresses an unmodified opinion on the financial statements of FFLC.
- No significant deficiencies and no material weaknesses in internal control were disclosed by the audit of the financial statements.
- No instances of noncompliance material to the financial statements of FFLC, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- No significant deficiencies and no material weaknesses were disclosed during the audit of the internal control over major federal award programs.
- The independent auditor's report on compliance for the major federal award programs for FFLC expresses an unmodified opinion on all major federal programs.
- There are no audit findings or questioned costs that are required to be reported in this schedule in accordance with the Uniform Guidance.
- The programs tested as major programs include:
  - Food Distribution Cluster:

Commodity Supplemental Food Program	10.565
Emergency Food Assistance Program – Administration	10.568
Emergency Food Assistance Program – Food Commodities	10.569
- The threshold for distinguishing between Type A and B programs was \$750,000.
- FFLC qualified as a low-risk auditee.

**Findings – Financial Statements Audit**

None.

**Findings and Questioned Costs – Major Federal Award Programs Audit**

None.

FOOD FOR LANE COUNTY, INC.  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
For the Year Ended June 30, 2018

**Prior Year Findings – Financial Statements Audit**

None.

**Prior Year Findings and Questioned Costs – Major Federal Award Programs Audit**

**Finding 2017-001**

*Type of Finding:* Significant deficiency in internal controls over compliance

*Federal program:* Food Distribution Cluster: Emergency Food Assistance Program – Food Commodities CFDA 10.569

*Federal Agency:* U.S. Department of Agriculture

*Pass-through Entity:* Oregon Food Bank, Inc.

*Criteria:* In accordance with the Uniform Guidance 2 CFR Part 200.331, pass-through entities must ensure that every subaward is clearly identified to the subrecipient as a subaward and includes all required information in accordance with 2 CFR Part 200.331 at the time of the subaward including federal award identification, CFDA number and program name.

*Condition:* During audit procedures, we noted FOOD for Lane County, Inc. had not informed sub-recipients of the USDA Emergency Food Assistance Program of the subaward of the federal commodities as required.

*Current Status:* Resolved.