

Financial Statements

Northwest Arkansas Food Bank
Bethel Heights, Arkansas
December 31, 2007

**NORTHWEST ARKANSAS FOOD BANK
DECEMBER 31, 2007**

TABLE OF CONTENTS

	Page
Independent Auditor's Report	1
Basic Financial Statements	
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements	6-9

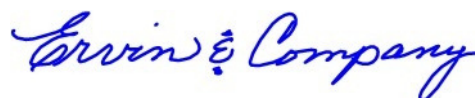
Independent Auditor's Report

Board of Directors
Northwest Arkansas Food Bank
Bethel Heights, Arkansas

We have audited the accompanying statement of financial position of **Northwest Arkansas Food Bank** (a not-for-profit organization), as of December 31, 2007, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Northwest Arkansas Food Bank**, as of December 31, 2007, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.



Ervin & Company
Certified Public Accountants, P.A.

Fayetteville, Arkansas
September 9, 2008

**NORTHWEST ARKANSAS FOOD BANK
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2007**

ASSETS

Current Assets

Cash in Bank	\$ 192,596
Accounts Receivable	7,248
Promises To Give	32,500
Prepaid Expenses	1,756
Inventory	<u>317,365</u>

Total Current Assets 551,465

Property and Equipment

Property and Equipment	467,953
Less: Accumulated Depreciation	<u>(223,206)</u>

Net Property and Equipment 244,747

Other Assets

380

Total Assets

\$ 796,592

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts Payable	<u>\$ 2,935</u>
------------------	-----------------

Total Current Liabilities 2,935

Net Assets

Unrestricted	711,657
Temporarily Restricted	<u>82,000</u>

Total Net Assets 793,657

Total Liabilities and Net Assets

\$ 796,592

See Notes to Financial Statements.

**NORTHWEST ARKANSAS FOOD BANK
STATEMENT OF ACTIVITIES
DECEMBER 31, 2007**

UNRESTRICTED NET ASSETS

Revenue and Support

Donated Product	\$ 3,029,854
Shared Maintenance Fees	184,751
Grants	38,388
Contributions	121,963
Fundraising	55,979
Other	<u>1,422</u>

Total Unrestricted Revenue and Support 3,432,357

Net Assets Released from Restrictions

United Way Funding 56,750

Total Net Assets Released from Restrictions 56,750

Total Unrestricted Revenue and Support 3,489,107

Expenses

Program Services	3,242,753
Management & General	141,242
Fundraising	<u>61,634</u>

Total Expenses 3,445,629

Increase in Unrestricted Net Assets 43,478

TEMPORARILY RESTRICTED NET ASSETS

Time-Restricted Funding	65,000
Specific-Purpose Restricted Funding	81,556
Net Assets Released from Restrictions:	
Time-Restricted Funding	(56,750)
Restrictions Met	<u>(16,028)</u>

Increase in Temporarily Restricted Net Assets 73,778

Increase in Net Assets

117,256

Net Assets, Beginning of Year

676,401

Net Assets, End of Year

\$ 793,657

See Notes to Financial Statements.

**NORTHWEST ARKANSAS FOOD BANK
STATEMENT OF FUNCTIONAL EXPENSES
DECEMBER 31, 2007**

	Program Services	Support Services		Total
		Adminis- trative	Fund- Raising	
Advertising	\$ -	\$ 8,478	\$ -	\$ 8,478
Contract Labor	3,380	-	-	3,380
Cost of Product	3,062,359	-	-	3,062,359
Depreciation Expense	20,141	-	-	20,141
Dues & Subscriptions	7,079	-	-	7,079
Fundraising	-	-	32,709	32,709
Gifts	-	21	-	21
Insurance	16,136	1,123	-	17,259
Interest Expense	-	6	-	6
Labor Costs	84,026	102,308	28,925	215,259
Meals	-	1,566	-	1,566
Office Expense	-	8,552	-	8,552
Other Expenses	1,860	-	-	1,860
Professional Fees	-	5,350	-	5,350
Repairs and Maintenance	5,481	-	-	5,481
Training and Conferences	3,350	2,233	-	5,583
Transportation	20,541	-	-	20,541
Travel	-	9,803	-	9,803
Utilities and Telephone	16,219	1,802	-	18,021
Warehouse Expense	2,181	-	-	2,181
Total	\$ 3,242,753	\$ 141,242	\$ 61,634	\$ 3,445,629

See Notes to Financial Statements.

**NORTHWEST ARKANSAS FOOD BANK
STATEMENT OF CASH FLOWS
DECEMBER 31, 2007**

CASH FLOWS FROM OPERATING ACTIVITIES

Increase in Net Assets	\$ 117,256
Adjustment to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	20,141
(Increase) Decrease in:	
Accounts Receivable	(2,303)
Promises to Give	(3,400)
Prepaid Expenses	2,311
Inventory	(37,222)
Increase (Decrease) in:	
Accounts Payable	<u>(17,239)</u>
Net Cash Provided by Operating Activities	<u>79,544</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Equipment Purchased	<u>(6,988)</u>
Net Cash Used in Investing Activities	<u>(6,988)</u>

Net Increase in Cash	72,556
Cash - Beginning of Year	<u>120,040</u>
Cash - End of Year	<u><u>\$ 192,596</u></u>

SUPPLEMENTAL DISCLOSURES

Cash Paid for	
Interest	<u><u>\$ 6</u></u>

See Notes to Financial Statements.

**NORTHWEST ARKANSAS FOOD BANK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007**

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Northwest Arkansas Food Bank (the Organization), is a private, not-for-profit organization providing services for the collection and distribution of food items to other qualifying charitable organizations in the Northwest Arkansas area. The Organization changed its legal name effective December 7, 2007 from Ozark Foodbank, Inc.

Financial Statement Presentation

The financial statements are presented in accordance with Statement of Financial Accounting Standard (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Organization is required to report 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. The Organization had no permanently restricted net assets as of December 31, 2007.

Cash

For purposes of the statement of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash.

Allowance for Doubtful Accounts

In management's opinion 100% of the outstanding accounts receivable (Note 2) is collectible; therefore, no allowance for doubtful accounts is necessary for the year ended December 31, 2007

Concentration of Credit Risk

The Organization maintains a bank account at a local financial institution which is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. The bank balance exceeded federally insured limits by \$90,546 at December 31, 2007.

Promises to Give

Contributions are recognized when the donor makes an unconditional promise to give monies or other non-cash items to the Organization. Donor restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a time or event restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The Organization uses the allowance method to determine the collectibility of its unconditional promises receivable. In management's opinion, there were no uncollectible promises receivable at December 31, 2007.

**NORTHWEST ARKANSAS FOOD BANK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007**

**NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES,
(Continued)**

Property and Equipment

Property and equipment is recorded at cost as of the date of acquisition or fair value as of the date of receipt in the case of donations. Depreciation is computed on a straight-line basis over their estimated useful lives (5-39 years).

Property acquired from grant funding is considered to be owned by the Organization and is used in the program for which it was purchased or in other future programs as allowed.

Improvements which extend the lives of assets are capitalized at cost. Repairs and maintenance are included as expenses in the statement of activities.

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.

Program Funding

Direct funding for the Organization is through an array of public support which includes private donations, the local United Way agency of the area, and other programs.

Contributions

Contributions 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 statement of activities as net assets released from restrictions.

**NORTHWEST ARKANSAS FOOD BANK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007**

**NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES,
(Continued)**

Income Taxes

The Organization is a non-profit corporation, exempt from federal and state income tax under Internal Revenue Code section 501(c)(3) and similar state statutes.

Advertising

The Organization follows the policy of charging the costs of advertising to expense as incurred.

Inventory

Inventory consists of food and other items on hand and is recorded at its estimated fair market value under guidelines established by America's Second Harvest.

During the year, the Organization received 1,792,813 pounds of donated product. This product was valued at \$1.69 per pound, based on information provided by America's Second Harvest. 187,790 pounds are in inventory at December 31, 2007.

NOTE 2 - ACCOUNTS RECEIVABLE

Accounts receivable consists of amounts owing from the various nonprofit agencies for food purchased during the year.

NOTE 3 - UNCONDITIONAL PROMISES TO GIVE

The Organization had the following unconditional promises to give at December 31, 2007:

United Way Agency (Time Restriction - Less Than 1 Year)	\$ 32,500
Total Unconditional Promises to Give	<u>\$ 32,500</u>

**NORTHWEST ARKANSAS FOOD BANK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007**

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31, 2007

	<u>Cost/Basis</u>	<u>Accum. Deprec.</u>
Equipment	\$ 79,321	\$ 77,295
Office Equipment	39,195	29,883
Buildings	200,233	56,152
Vehicles	53,257	36,803
Land	57,301	-
Leasehold Improvements	<u>38,646</u>	<u>23,073</u>
Total	<u>\$ 467,953</u>	<u>\$ 223,206</u>

Depreciation expense for the year ended December 31, 2007 was \$20,141.

NOTE 5 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets represents contributions which are restricted either as to time or a specific purpose. The restrictions are as follows:

Time Restrictions - Less Than 1 Year (United Way Agency)	\$ 32,500
Specific Purpose - Purchase of Truck	<u>49,500</u>
Total Community Funding Received	<u>\$ 82,000</u>

NOTE 6 - CONCENTRATIONS

The Organization's operations are limited to the Northwest Arkansas geographic area, and its cash funding is from community resources and local support.