

**FOOD BANK OF WESTERN  
NEW YORK, INC.**

Financial Statements and Additional Information  
For the Year Ended June 30, 2008  
with  
Independent Auditors' Report

**FOOD BANK OF WESTERN NEW YORK, INC.**

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**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
Food Bank of Western New York, Inc.  
Buffalo, New York

We have audited the accompanying statement of financial position of Food Bank of Western New York, Inc. (a nonprofit organization) as of June 30, 2008, and the related statements of activities and changes in net assets, and of cash flows for the year then ended. These financial statements are the responsibility of the management of Food Bank of Western New York, Inc. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Food Bank of Western New York, Inc.'s June 30, 2007 financial statements, and, in our report dated September 18, 2007, we expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Food Bank of Western New York, Inc. as of June 30, 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 17, 2008, on our consideration of Food Bank of Western New York, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of Food Bank of Western New York, Inc. taken as a whole. The accompanying supplemental schedule of functional expenses is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Chiampou Travis Besaw & Kershner LLP*

September 17, 2008

FOOD BANK OF WESTERN NEW YORK, INC.

STATEMENT OF FINANCIAL POSITION  
 JUNE 30, 2008 (WITH COMPARATIVE TOTALS FOR 2007)

	Unrestricted			Temporarily Restricted			Total
	Operating	Agency Assistance Program	Plant	Total Unrestricted	Grants & Other	Value of Donated & USDA Food	
<b>ASSETS</b>							
Cash and cash equivalents	\$ 1,480,027	\$ 775,277	\$ 366,912	\$ 2,622,216	\$ 406,583	\$ -	\$ 3,028,799
Grants and pledges receivable, net	-	-	27,255	27,255	104,820	-	132,075
Accounts receivable	104,881	-	-	104,881	-	-	104,881
Due from other funds	83,971	-	-	83,971	-	-	83,971
Prepaid expenses	25,347	-	-	25,347	-	-	25,347
Inventory:							
Donated - In-kind value	-	-	-	-	-	1,386,203	1,386,203
USDA - In-kind value	-	-	-	-	-	367,006	367,006
Other	35,054	79,721	-	114,775	52,598	-	167,373
Long-term investments	464,076	-	-	464,076	-	-	464,076
Fixed assets, net	-	-	1,835,702	1,835,702	-	-	1,835,702
<b>TOTAL ASSETS</b>	<b>\$ 2,193,356</b>	<b>\$ 854,998</b>	<b>\$ 2,229,869</b>	<b>\$ 5,278,223</b>	<b>\$ 564,001</b>	<b>\$ 1,753,209</b>	<b>\$ 7,595,433</b>
<b>LIABILITIES AND NET ASSETS</b>							
Accounts payable	\$ 170,096	\$ -	\$ -	\$ 170,096	\$ -	\$ -	\$ 170,096
Accrued expenses	98,080	-	-	98,080	-	-	98,080
Deferred income	6,419	-	120,450	126,869	326,649	-	453,518
Due to other funds	-	-	-	-	83,971	-	83,971
Total liabilities	274,595	-	120,450	395,045	410,620	-	805,665
<b>NET ASSETS:</b>							
Unrestricted:							
Net investment in plant	-	-	1,835,702	1,835,702	-	-	1,835,702
Designated for agency assistance	-	854,998	-	854,998	-	-	854,998
Designated for plant	-	-	273,717	273,717	-	-	273,717
Undesignated	1,918,761	-	-	1,918,761	-	-	1,918,761
Total unrestricted	1,918,761	854,998	2,109,419	4,883,178	-	-	4,883,178
Temporarily restricted	-	-	-	-	153,381	1,753,209	1,906,590
Total net assets	1,918,761	854,998	2,109,419	4,883,178	153,381	1,753,209	6,789,768
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 2,193,356</b>	<b>\$ 854,998</b>	<b>\$ 2,229,869</b>	<b>\$ 5,278,223</b>	<b>\$ 564,001</b>	<b>\$ 1,753,209</b>	<b>\$ 7,595,433</b>

See notes to financial statements.

FOOD BANK OF WESTERN NEW YORK, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2008 (WITH COMPARATIVE TOTALS FOR 2007)

	Unrestricted			Temporarily Restricted			Total Temporarily Restricted	Total 2008	Total 2007
	Operating	Agency Assistance Program	Plant	Total Unrestricted	Grants & Other	Value of Donated & USDA Food			
REVENUES, GAINS AND OTHER SUPPORT									
Contributions:									
Fundraising and special events	\$ 982,464	\$ -	\$ -	\$ 982,464	\$ -	\$ -	\$ -	\$ 982,464	\$ 959,156
General contributions	504,027	1,247	15,888	521,162	91,289	-	91,289	612,451	465,682
HPNAP grant	-	-	-	-	2,358,336	-	2,358,336	2,358,336	1,468,837
EFSP/FEMA grant	-	-	-	-	208,106	-	208,106	208,106	276,792
Other government grants	282,238	-	-	282,238	160,660	-	160,660	442,898	293,352
Private grants	172,247	-	18,536	190,783	247,120	-	247,120	437,903	475,439
In-kind contributions:									
General	19,535	-	400	19,935	-	-	-	19,935	27,903
Fixed assets	-	-	-	-	-	-	-	-	72,615
Donated food and grocery items	-	-	-	-	-	9,601,806	9,601,806	9,601,806	8,992,715
USDA food	-	-	-	-	-	1,097,597	1,097,597	1,097,597	1,170,682
Revenues:									
Shared maintenance fees	644,856	-	-	644,856	-	-	-	644,856	649,870
Program fees	730,646	-	-	730,646	-	-	-	730,646	564,552
Other revenue and reimbursements	5,356	-	-	5,356	-	-	-	5,356	7,402
Interest and dividends	122,590	-	-	122,590	-	-	-	122,590	100,854
Gain on sale of fixed assets	-	-	-	-	-	-	-	-	2,750
Net realized and unrealized gains (losses) on investments	(102,082)	-	-	(102,082)	-	-	-	(102,082)	54,361
Net assets released from restrictions	14,078,322	-	-	14,078,322	(2,989,497)	(11,088,825)	(14,078,322)	-	-
Total revenues, gains and other support	17,440,199	1,247	34,824	17,476,270	76,014	(389,422)	(313,408)	17,162,862	15,582,962
EXPENSES:									
Management and general	1,015,990	-	41,767	1,057,757	-	-	-	1,057,757	952,384
Program services	4,416,431	-	233,780	4,650,211	-	-	-	4,650,211	3,802,944
Agency assistance program	-	817,602	-	817,602	-	-	-	817,602	424,382
In-kind expenditures	11,109,745	-	400	11,110,145	-	-	-	11,110,145	9,476,102
Total expenses	16,542,166	817,602	275,947	17,635,715	-	-	-	17,635,715	14,655,812
CHANGES IN NET ASSETS	898,033	(816,355)	(241,123)	(159,445)	76,014	(389,422)	(313,408)	(472,853)	927,150
NET ASSETS, BEGINNING OF YEAR	1,670,728	1,021,353	2,350,542	5,042,623	77,367	2,142,631	2,219,998	7,262,621	6,335,471
TRANSFER OF NET ASSETS	(650,000)	650,000	-	-	-	-	-	-	-
NET ASSETS, END OF YEAR	\$ 1,918,761	\$ 854,998	\$ 2,109,419	\$ 4,883,178	\$ 153,381	\$ 1,753,209	\$ 1,906,590	\$ 6,789,768	\$ 7,262,621

See notes to financial statements.

FOOD BANK OF WESTERN NEW YORK, INC.

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2008 (WITH COMPARATIVE TOTALS FOR 2007)

	Unrestricted		Temporarily Restricted		Total 2007
	Operating	Agency Assistance Program	Plant	Grants & Other	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Changes in net assets	\$ 898,033	\$ (816,355)	\$ (241,123)	\$ 76,014	\$ (83,431)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:					
Depreciation	-	-	270,752	-	270,752
Discount on unconditional promises to give	-	-	(1,388)	-	(1,388)
Donations of fixed assets	-	-	-	-	-
Gain on sale of fixed assets	-	-	-	-	-
Net realized and unrealized (gains) losses on investments	102,082	-	-	-	102,082
Changes in operating assets and liabilities:					
Grants and pledges receivable, net	-	-	45,495	(6,909)	38,586
Accounts receivable	(46,923)	-	-	-	(46,923)
Prepaid expenses	(7,605)	-	-	-	(7,605)
Inventory	(4,845)	(63,728)	-	(25,088)	(93,661)
Accounts payable	(13,135)	-	-	-	(13,135)
Accrued expenses	(25,649)	-	-	-	(25,649)
Deferred income	6,419	-	110,450	214,481	331,350
Interfund accounts, net of non-cash transfers	(636,047)	650,000	-	(13,952)	-
Net cash provided by (used in) operating activities	272,330	(230,083)	184,186	244,545	470,978
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Purchases of fixed assets	-	-	(191,792)	-	(191,792)
Proceeds from sale of fixed assets	-	-	-	-	-
Investment purchases	(158,221)	-	-	-	(158,221)
Proceeds from sale of investments	141,469	-	-	-	141,469
Net cash used in investing activities	(16,752)	-	(191,792)	-	(208,544)
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>					
<b>CASH AND CASH EQUIVALENTS BEGINNING OF YEAR</b>					
	255,578	(230,083)	(7,606)	244,545	262,434
<b>END OF YEAR</b>	<u>1,480,027</u>	<u>1,005,360</u>	<u>374,518</u>	<u>162,038</u>	<u>2,766,365</u>
	\$ 1,480,027	\$ 775,277	\$ 366,912	\$ 406,583	\$ 3,028,799

See notes to financial statements.

## FOOD BANK OF WESTERN NEW YORK, INC.

### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

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#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

*Nature of Operations* – The Food Bank of Western New York, Inc., (the “Organization”) is a nonprofit organization dedicated to reducing hunger and minimizing food waste in the Western New York area.

The Organization solicits donations of surplus food and grocery items from the food industry, public and private sources, and distributes these products to qualified 501(c)(3) charities who feed the ill, needy and children. The food is obtained from donors based in Western New York, national donors through the affiliation with America’s Second Harvest National Food Bank Network (“America’s Second Harvest”), and the United States Department of Agriculture. The Organization also distributes food purchased with funds from private and government grants.

*Comparative Financial Information* – The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization’s financial statements for the year ended June 30, 2007, from which the summarized information was derived.

*Basis of Accounting* – The financial statements are prepared on the accrual basis of accounting. The financial statements of the Organization have been prepared according to the provisions of Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. SFAS No. 117 requires that all nonprofit organizations provide a statement of financial position, a statement of activities, and a statement of cash flows. Classification of net assets and revenues, expenses, gains, and losses are based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of three classes of net assets – permanently restricted, temporarily restricted, and unrestricted – be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities.

The Organization accounts for contributions in compliance with SFAS No. 116, *Accounting for Contributions Received and Contributions Made*. SFAS No. 116 requires an organization to recognize as revenue, contributions, including unconditional promises to give, when received. SFAS No. 116 also requires nonprofit organizations to distinguish between contributions received that increase permanently restricted net assets, temporarily restricted net assets and unrestricted net assets, and requires recognition of the expiration of donor-imposed restrictions in the period in which the restrictions expire.

*Activities* – The Organization maintains individual categories of net asset groups according to their nature and reporting requirements. The Operating category includes all general activity of the Organization. The Agency Assistance Program (AAP) category includes all activity of the Board designated funds expended to assist affiliated nonprofit organizations in their mission of feeding the hungry by providing food preparation or storage equipment, payment of program site rent or utilities and providing food and grocery items for the agencies’ clients. The Plant category accumulates all fixed asset transactions and accounts for financial resources to be used for the acquisition of equipment and facilities. The Grants & Other category includes Federal, State, County and private grant supported activities. The Donated & USDA Food category includes the in-kind value of donated and United States Department of Agriculture food and grocery items received, distributed and held in inventory.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Net Assets** – Unrestricted operating net assets represent the net assets of the Organization available for the furtherance of its general goals and objectives. Unrestricted AAP net assets represent the remaining Board designated funds and food inventory available for the furtherance of the Agency Assistance Program. Unrestricted plant net assets represent both the portion designated for future fixed asset acquisitions and the accumulated net investment in fixed assets. Temporarily restricted Grants & Other net assets represent net assets available to be used for the purchase and distribution of food, grocery items and/or services in accordance with donor restrictions. Temporarily restricted Donated & USDA Food net assets represent the in-kind value of the food and grocery items in inventory to be distributed.

**Support Recognition** – Substantially all of the Organization’s support is derived from unrestricted donations or temporarily restricted grants and donations. Donations of cash and other assets are recognized as support when received. Government grant income is recognized when grant eligible expenses are incurred.

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

The Organization reports gifts of land, buildings and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used are reported as restricted support. Absent donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

**Revenue Recognition** – Substantially all of the Organization’s revenue is derived from shared maintenance and program reimbursement fees, which are recognized as revenue when earned.

**Shared Maintenance** – Through membership agreement, nonprofit agencies agree to share the cost of operations by contributing up to fourteen cents for each pound of donated product they receive. The Organization will not stop supplying an organization, which provides emergency relief, for failure to contribute to shared maintenance.

**Program Reimbursement Fees** – The Organization receives reimbursements under Federal, State, County and private grants for a portion of the costs incurred in receiving, storing and distributing purchased and USDA product.

**Donated Services** – A number of unpaid volunteers have made contributions of their time to develop and participate in the Organization’s program. No accounting recognition is made for the fair market value of services provided by volunteer personnel as no objective basis is available to measure the value of such services.

**Donated Food and Grocery Items** – The primary function of the Organization is the collection and distribution of donated food and grocery items. This inventory is valued at a weighted average price per pound as determined by America’s Second Harvest annual valuation study.



## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Cash and Cash Equivalents** – The Organization’s cash and cash equivalents include cash on hand and in banks and short term, highly liquid investments. Funds invested in money market accounts at two financial institutions, which are not FDIC-insured, totaled \$1,998,901 at June 30, 2008. The Organization maintains its remaining cash in bank deposit accounts which, at times, may exceed federally insured limits at several of its banks. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk with regards to cash.

In accordance with certain grant agreements, the Organization is required to hold cash in a separate bank account. The Organization has complied with this requirement for the year ended June 30, 2008.

**Accounts Receivable** – Accounts receivable for shared maintenance and program reimbursement fees are stated at the amount management expects to collect from balances outstanding at year-end. Non-collectible receivables are expensed in the year they are determined to be uncollectible. Management closely monitors outstanding balances, and has concluded that no allowance for doubtful accounts is necessary at June 30, 2008.

**Deferred Income** – Publicly funded grant revenues received by the Organization are not recognized until the related expenses are incurred. All advance publicly funded grant revenues are recorded as deferred income.

**Fixed Assets** – Fixed assets are recorded at cost at the date of acquisition, and in the case of donated assets, at fair value at the date of the gift. Depreciation is provided on the straight-line basis over the estimated useful lives of the assets (3-20 years).

**Income Taxes** – The Organization is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

**Accounting 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.

## 2. INVESTMENTS

Investments are comprised of the following at June 30, 2008:

	Cost	Fair Value
U.S. equities	\$ 315,305	\$ 280,552
International equities	37,283	27,056
Mutual funds	<u>166,461</u>	<u>156,468</u>
	<u>\$ 519,049</u>	<u>\$ 464,076</u>

All investments were unrestricted and held for operating purposes at June 30, 2008.

The following schedule summarizes the activity related to investments reported in the statement of activities for the year ended June 30, 2008.

Interest and dividends	\$ 36,707
Realized and unrealized gains/(losses)	<u>(102,082)</u>
Total return on investments	<u>\$ (65,375)</u>

### 3. PROMISES TO GIVE - PLANT FUND

The Organization held a Capital Fund Campaign in 2004 to solicit funds to purchase an emergency generator, and for additions and renovations to the existing Buffalo, New York facility.

Unconditional promises to give consist primarily of promises to give to this campaign, and are as follows as of June 30, 2008:

Gross contributions receivable	\$ 28,100
Less unamortized discount	<u>(845)</u>
Net contributions receivable	<u>\$ 27,255</u>
Amounts due in:	
Less than one year	\$ 21,900
One to five years	<u>6,200</u>
Total	<u>\$ 28,100</u>

Pledges due in more than one year are reflected at the net present value of restricted future cash flow using a discount rate of 6.25%.

### 4. FIXED ASSETS

Fixed assets consist of the following at June 30, 2008:

Land	\$ 88,887
Building and improvements	2,563,264
Warehouse equipment	357,347
Furniture and equipment	290,431
Vehicles	<u>514,335</u>
	3,814,264
Less accumulated depreciation	<u>1,978,562</u>
Total	<u>\$ 1,835,702</u>

### 5. INVENTORY

**Purchased Product** – Food and grocery items that have been purchased with public and private funds, but which have not been distributed, are reported as inventory. The inventory of grant purchased food will be distributed at no charge to qualified organizations. This inventory is valued at cost. The cost of grant food and grocery items distributed in fiscal year 2008 amounted to approximately \$1,375,000; \$84,000; \$54,000; and \$209,000 under State, Federal, County and private grant programs, respectively. The Organization also distributed an additional \$648,116 of product purchased with board designated funds under the Agency Assistance Program.

## 5. INVENTORY (continued)

**Donated Product** – The majority of food and grocery items that are distributed have been donated. The following represents a summary of these products:

	<b>For the Year Ended June 30, 2008</b>	
	<b>Pounds</b>	<b>Value</b>
Inventory – beginning of year	1,179,702	\$ 1,993,697
Donations received	5,681,642	9,601,806
Less:		
Distributed to WNY programs	(5,012,266)	(8,470,730)
Distributed to other food banks	(168,556)	(284,860)
Spoiled items (mostly perishable)	(722,768)	(1,221,478)
Growth/(Shrinkage)	(27,416)	(46,164)
Valuation adjustment - America's Second Harvest	-	(186,068)
	<u>(5,931,006)</u>	<u>(10,209,300)</u>
Inventory – end of year	<u>930,338</u>	<u>\$ 1,386,203</u>

The June 30, 2008 in-kind value was determined using a rate of \$1.49 per pound (\$1.69 per pound at June 30, 2007) estimated by management using the America's Second Harvest rate per pound for the average value of donated food and grocery items.

**USDA Product** – the following summarizes the activity of USDA food:

	<b>For the Year Ended June 30, 2008</b>	
	<b>Pounds</b>	<b>Value</b>
Inventory – beginning of year	264,860	\$ 148,934
USDA received	1,587,792	1,097,597
USDA distributed	(1,467,135)	(879,699)
Adjustments	<u>1,953</u>	<u>174</u>
Inventory – end of year	<u>387,470</u>	<u>\$ 367,006</u>

The value of the United States Department of Agriculture products is supplied by the New York State Office of General Services (through the United States Department of Agriculture) for informational purposes in tracking their cost of the value of the food distributed.

## 6. LINE OF CREDIT

The Organization has a \$400,000 line of credit available at a bank with interest calculated at the bank's prime rate plus .5% (5.5% at June 30, 2008). The line of credit is secured by the assignment of pledges, accounts receivable, equipment, machinery, furniture and fixtures. The line of credit is subject to the ongoing review of the financial institution, and availability may be restricted in the future. At June 30, 2008, no borrowings were outstanding under this arrangement.

## 7. RETIREMENT PLANS

The Organization maintains a traditional 401(k) profit sharing plan where all employees with more than one year of service are eligible to participate. All employees have the option to defer compensation under this 401(k) plan. A discretionary contribution is approved by the Board of Directors as part of the annual budget. The contribution to this plan amounted to \$87,308 for the year ended June 30, 2008.

The Organization also maintained a Section 457(b) deferred compensation plan for the former President/Chief Executive Officer. During the year ended June 30, 2008, the former President/Chief Executive Officer retired and withdrew all funds from this account, resulting in a \$0 balance as of June 30, 2008. There was no contribution to this plan for the year ended June 30, 2008.

## 8. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following as of June 30, 2008:

### Inventory of food and grocery items for distribution:

▪ Federal Emergency Management Agency/Emergency Food and Shelter Program (FEMA/EFSP)	\$ 38,498
▪ Private contributions	2,385
▪ Erie County Department of Social Services (ECDSS)	11,715
▪ In-kind Inventory of Food and Grocery Items – Donated and U.S. Department of Agriculture	1,753,209

### Cash on hand for future expenditures:

▪ FEMA/EFSP	143,288
▪ Private contributions	263,295

### Grants receivable:

▪ Hunger Prevention and Nutrition Assistance Program (HPNAP)	57,998
▪ ECDSS	46,822

### Net amounts due to operating fund:

▪ FEMA/EFSP	(11,484)
▪ ECDSS	(14,489)
▪ HPNAP	(57,998)

### Deferred income:

▪ FEMA/EFSP	(131,804)
▪ ECDSS	(32,333)
▪ America's Second Harvest	<u>(162,512)</u>

Total net assets \$ 1,906,590

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FOOD BANK OF WESTERN NEW YORK, INC.

SCHEDULE OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2008 (WITH COMPARATIVE TOTALS FOR 2007)

	2008				Total 2007
	Program Services	Management & General	Fund Raising	Total	
Personnel	\$ 646,740	\$ 396,904	\$ 138,595	\$ 1,182,239	\$ 1,054,814
Payroll taxes	44,281	27,645	9,623	81,549	76,673
Retirement	47,911	27,773	11,624	87,308	104,048
Other benefits	129,534	80,869	28,149	238,552	217,579
Total personnel and related expenses	868,466	533,191	187,991	1,589,648	1,453,114
Agency Assistance Program (AAP)	817,602	-	-	817,602	424,382
Freight	84,246	-	-	84,246	71,629
Vehicles	66,454	-	-	66,454	72,569
Utilities	113,733	7,109	3,603	124,445	121,205
Travel	3,296	3,292	5,265	11,853	9,160
Conference and meetings	11,806	8,049	31	19,886	13,979
Membership and dues	10,840	11,831	-	22,671	12,871
Material and supplies	22,372	4,197	3,022	29,591	33,412
Insurance	19,219	11,727	-	30,946	36,578
Food grant expenditures	2,458,810	-	-	2,458,810	1,731,881
USDA direct disbursement cost	4,567	-	-	4,567	8,896
Telephone/FAX/DLS Service	4,744	2,998	1,049	8,791	8,916
Repairs and maintenance	29,142	-	-	29,142	20,568
Postage expense	2,875	4,848	13,187	20,910	19,116
Volunteer expenses	971	1,223	-	2,194	5,012
Equipment rental and maintenance	25,061	5,593	1,092	31,746	26,228
Printing and publications	4,473	697	40,882	46,052	42,151
Accounting fees	-	31,041	-	31,041	23,878
Legal fees	-	345	-	345	754
Professional and other fees	-	47,754	26,010	73,764	39,326
Fund raising activities	-	-	53,665	53,665	59,972
Public relations	-	3,606	-	3,606	8,348
Repack, reprocess and value added	115,948	-	-	115,948	118,476
Other expenses	18,728	2,356	336	21,420	27,186
Other grant expenditures	344,007	-	-	344,007	292,360
Other food expenses	24,788	-	-	24,788	22,371
Restricted funds expenditures	186,680	-	-	186,680	221,312
Total other expenses	3,552,760	146,666	148,142	3,847,568	3,048,154
Total cash expenditures	5,238,828	679,857	336,133	6,254,818	4,925,650
In-kind value of donated food	10,209,300	-	-	10,209,300	8,366,916
In-kind value of USDA food	879,525	-	-	879,525	1,080,614
In-kind expenses	1,241	-	20,079	21,320	28,572
Total In-kind expenditures	11,090,066	-	20,079	11,110,145	9,476,102
Expenses before depreciation	16,328,894	679,857	356,212	17,364,963	14,401,752
Depreciation	228,985	41,767	-	270,752	254,060
TOTAL EXPENSES	\$ 16,557,879	\$ 721,624	\$ 356,212	\$ 17,635,715	\$ 14,655,812

**FOOD BANK OF WESTERN NEW YORK, INC.**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2008**

FEDERAL GRANTOR PROGRAM TITLE (1)	Federal CFDA Number (2)	Agency or Pass-Through Number	Federal Expenditures (3)
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
Passed through the State of New York Office of General Services, Bureau of Donated Foods, Temporary Emergency Food Assistance Program:			
Food Distribution (4)			
Erie County	10.550		\$ 561,885
Cattaraugus County	10.550		54,768
Chautauqua County	10.550		111,593
Niagara County	10.550		151,453
Sub-total food distribution			<u>879,699</u>
Administrative fees	10.568		<u>245,443 (7)</u>
Total USDA Food Related Items			1,125,142
<b>U.S. DEPARTMENT OF HEALTH &amp; HUMAN SERVICES</b>			
Passed through the State of New York Office of Health:			
TANF-Addition to HPNAP Grant	93.558	C-021254	803,485
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>			
Passed through the United Way of Buffalo and Erie County:			
Emergency Food and Shelter National Board Program - Phase XXV, County of Erie	97.025	24-6156-004	92,667
Emergency Food and Shelter National Board Program - Phase XXVI, County of Erie	97.026	25-6156-004	115,439
			<u>208,106</u>
Total Federal Awards (5)			<u>\$ 2,136,733</u>
<b>STATE GRANTOR PROGRAM TITLE (6)</b>			
	<b>Contract #</b>		<b>State Expenditures (3)</b>
New York State Department of Health			
Bureau of Nutrition - Hunger Prevention and Nutrition Assistance Program (HPNAP)			
	C-021254		\$ 1,554,851
New York State Transportation Grant			
	C-016694		17,059
New York State Transportation Grant			
	C-016694		13,832
State of New York Child & Family Services - Freight			
	TM05783		10,000
State of New York Child & Family Services - Freight			
	TM006384		14,000
State of New York Child & Family Services - Freight			
	TM06F70		20,000
State of New York Child & Family Services - Freight			
	TM07747		20,000
Total State grants			<u>\$ 1,649,742</u>

(1) Includes all federal award programs.

(2) Source: Catalog of Federal Domestic Assistance.

(3) Prepared on the "GAAP" basis of accounting and includes all program expenses.

(4) The Schedule of Federal Awards includes additional federal assistance in the form of commodities distributed during the year. The value of such was determined by prices prescribed by the federal department making the award.

(5) A reconciliation to the financial statements is available.

(6) Grants received from New York State disclosed for additional information only.

(7) Of the administrative costs, \$4,566 of such federal expenditures was provided to subrecipients. Total program administrative costs were \$353,580, of which \$245,443 were reimbursed by the USDA.



**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 of  
Food Bank of Western New York, Inc.  
Buffalo, New York

We have audited the financial statements of Food Bank of Western New York, Inc. (a nonprofit organization) as of and for the year ended June 30, 2008, and have issued our report thereon dated September 17, 2008. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Food Bank of Western New York, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Food Bank of Western New York's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Food Bank of Western New York, Inc.'s financial statements are free of 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*.

We noted certain matters that we reported to management of Food Bank of Western New York, Inc. in a separate letter dated September 17, 2008.

This report is intended solely for the information and use of management, the Finance Committee, others within the entity, the Board of Directors, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Champion Trans Besaw & Keshner LLP*

September 17, 2008





**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO  
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Directors of  
Food Bank of Western New York, Inc.  
Buffalo, New York

Compliance

We have audited the compliance of Food Bank of Western New York, Inc. (a nonprofit organization) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. Food Bank of Western New York, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Food Bank of Western New York, Inc.'s management. Our responsibility is to express an opinion on Food Bank of Western New York, Inc.'s compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 Bank of Western New York, 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. Our audit does not provide a legal determination of Food Bank of Western New York, Inc.'s compliance with those requirements.

In our opinion, Food Bank of Western New York, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

The management of Food Bank of Western New York, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Food Bank of Western New York Inc.'s internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 Bank of Western New York Inc.'s internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Finance Committee, others within the entity, the Board of Directors, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Champion Tra-Besan & Keahna LLP*

September 17, 2008

**FOOD BANK OF WESTERN NEW YORK, INC.**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2008**

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**Part I – Summary of Auditor’s Results**

1. The independent auditors’ report expresses an unqualified opinion on the financial statements of Food Bank of Western New York, Inc.
2. No control deficiencies were disclosed during the audit of the financial statements of Food Bank of Western New York, Inc.
3. No instances of noncompliance material to the financial statements of Food Bank of Western New York, Inc. were disclosed during the audit.
4. No significant deficiencies were disclosed during the audit of internal control over major federal award programs of Food Bank of Western New York, Inc.
5. The independent auditors’ report on compliance for the major federal award programs for Food Bank of Western New York, Inc. expresses an unqualified opinion on all major federal programs.
6. The audit disclosed no findings and questioned costs required to be reported by OMB Circular A-133.
7. The programs tested as major programs included:

<b>Name of Federal Program</b>	<b>CFDA Number</b>
Food Distribution	10.550
TANF-Addition to HPNAP Grant	93.558

8. The threshold for distinguishing Type A and Type B programs was \$300,000.
9. Food Bank of Western New York, Inc. was determined to be a low-risk auditee.

**Part II – Financial Statements Audit**

1. Significant Deficiencies – No matters were identified as reportable.
2. Material Weaknesses – No matters were identified as reportable.
3. Instances of Noncompliance – No matters were identified as reportable.

(Continued)

**FOOD BANK OF WESTERN NEW YORK, INC.**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2008**

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**Part III – Major Federal Award Findings and Questioned Costs**

1. Significant Deficiencies – No matters were identified as reportable.
2. Material Weaknesses – No matters were identified as reportable.
3. Instances of Noncompliance – No matters were identified as reportable.

(Concluded)

**FOOD BANK OF WESTERN NEW YORK, INC.**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2008**

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No prior audit findings were noted for the June 30, 2007 audit.