

THE COOPERATIVE FEEDING PROGRAM, INC.

Financial Statements

September 30, 2008

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
The Cooperative Feeding Program, Inc.

We have audited the accompanying statement of financial position of The Cooperative Feeding Program, Inc., as of September 30, 2008, and the related statements of activities, cash flows and functional expenses 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 The Cooperative Feeding Program, Inc., as of September 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.

ROBBINS and LANDINO, P.A.
Certified Public Accountants

Robbins and Landino, P.A.

Fort Lauderdale, Florida
January 26, 2009

THE COOPERATIVE FEEDING PROGRAM, INC.

Statement of Financial Position
September 30, 2008

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 299,425
Investments (Note 2)	230,035
Grants Receivable	179,583
Pledges Receivable (Note 3)	6,166
Prepaid Expenses	<u>15,391</u>
Total Current Assets	<u>730,600</u>

Non-Current Assets

Property and Equipment (Note 4)	1,619,464
Deposits	1,000
Beneficial Interest in Assets Held by Community Foundation (Note 11)	<u>43,238</u>
Total Non-Current Assets	<u>1,663,702</u>

TOTAL ASSETS \$ 2,394,302

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts Payable and Accrued Expenses	\$ 65,340
Mortgages Payable (Note 5)	57,532
Note Payable (Note 6)	<u>4,935</u>
Total Current Liabilities	<u>127,807</u>

Non-Current Liabilities

Mortgages Payable (Note 5)	751,975
Note Payable (Note 6)	<u>4,660</u>
Total Non-Current Liabilities	<u>756,635</u>

Total Liabilities 884,442

Contingencies (Note 10)

Net Assets

Unrestricted	1,025,770
Temporarily Restricted (Note 7)	384,090
Permanently Restricted	<u>100,000</u>
Total Net Assets	<u>1,509,860</u>

TOTAL LIABILITIES AND NET ASSETS \$ 2,394,302

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

THE COOPERATIVE FEEDING PROGRAM, INC.

Statement of Activities
For the Year Ended September 30, 2008

UNRESTRICTED NET ASSETS

PUBLIC SUPPORT AND REVENUES

Contributions	\$ 410,186
Grants and Contracts	87,257
Fundraising Events	184,827
Less: Fundraising Events Expenses	(20,504)
Investment Income (Note 2)	(7,734)
Net Assets Released from Restrictions (Note 7)	304,910
Contributed Food, Services and Materials (Note 9)	<u>1,735,466</u>
TOTAL PUBLIC SUPPORT AND REVENUES	<u>2,694,408</u>

EXPENSES

Program Services	750,948
General and Administrative	145,993
Fundraising	118,149
Contributed Food, Services and Materials (Note 9)	<u>1,735,466</u>
TOTAL EXPENSES	<u>2,750,556</u>

CHANGE IN UNRESTRICTED NET ASSETS (56,148)

TEMPORARILY RESTRICTED NET ASSETS

Contributions	264,324
Net Assets Released from Restrictions (Note 7)	<u>(354,910)</u>

CHANGE IN TEMPORARILY RESTRICTED NET ASSETS (90,586)

PERMANENTLY RESTRICTED NET ASSETS

Net Assets Released from Restrictions (Note 7)	<u>50,000</u>
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CHANGE IN PERMANENTLY RESTRICTED NET ASSETS 50,000

CHANGE IN NET ASSETS (96,734)

NET ASSETS, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED 1,555,559

Prior Period Adjustment (Note 12) 51,035

NET ASSETS, BEGINNING OF YEAR, AS RESTATED 1,606,594

NET ASSETS - END OF YEAR \$ 1,509,860

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

THE COOPERATIVE FEEDING PROGRAM, INC.

Statement of Cash Flows
For the Year Ended September 30, 2008

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	\$ (96,734)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	51,973
Unrealized Loss on Investments	6,559
Net Investment Loss from Beneficial Interest in Assets Held by Community Foundation	7,797
Changes in Assets and Liabilities:	
Decrease in Grants Receivable	82,182
Decrease in Pledges Receivable	82,079
Increase in Prepaid Expenses	(837)
Increase in Accounts Payable and Accrued Expenses	<u>52,620</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>185,639</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Acquisitions of Property and Equipment	(17,965)
Purchases of Investments	<u>(25,000)</u>
NET CASH FLOWS FROM INVESTING ACTIVITIES	<u>(42,965)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Payments on Mortgages and Notes Payable	<u>(56,466)</u>
NET CASH FLOWS FROM FINANCING ACTIVITIES	<u>(56,466)</u>
NET CHANGE IN CASH	86,208
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>213,217</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 299,425</u>
Supplemental Disclosure of Cash Flow Information:	
Cash Paid During the Year for Interest	<u>\$ 44,504</u>

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

THE COOPERATIVE FEEDING PROGRAM, INC.

Statement of Functional Expenses
For the Year Ended September 30, 2008

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and Benefits	\$ 433,231	\$ 66,851	\$ 32,600	\$ 532,682
Professional Fees		8,826	83,154	91,980
Supplies	87,683			87,683
Environmental Cleanup		52,662		52,662
Depreciation	50,253	1,367	353	51,973
Interest	43,031	1,170	303	44,504
Utilities	32,635	888	230	33,753
Insurance	23,544	1,044		24,588
Individual Assistance	21,150			21,150
Repairs and Maintenance	19,735	958	137	20,830
Office Supplies	7,538	2,491	942	10,971
Auto	10,740			10,740
Miscellaneous	5,747	4,073		9,820
Telephone	7,901	215	56	8,172
Bad Debts		5,000		5,000
Contract Labor	920	142	69	1,131
Postage and Delivery	2,451	306	305	3,062
Licenses and Permits	3,050			3,050
Printing	1,339			1,339
Total	<u>\$ 750,948</u>	<u>\$ 145,993</u>	<u>\$ 118,149</u>	<u>\$ 1,015,090</u>

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

THE COOPERATIVE FEEDING PROGRAM, INC.

Notes to Financial Statements

September 30, 2008

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization: The Cooperative Feeding Program, Inc. ("CFP") is a non-profit organization, whose objective is to reduce the pain and suffering of individuals and families in poverty by providing necessary food, ancillary services and referrals as part of a seamless system of care in Broward County.

Basis of Accounting: The financial statements of CFP have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Financial Statement Presentation: Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions as follows:

Unrestricted - Includes amounts which have no external restrictions and which are available for support of current operations.

Temporarily Restricted - Includes amounts which have donor restrictions that can be fulfilled by actions of the organization pursuant to those restrictions or restrictions that expire by the passage of time.

Permanently Restricted - Includes amounts that are subject to restrictions of the gift instruments requiring that resources be maintained permanently.

Contributions: Contributions are recorded as unrestricted or temporarily restricted support depending on the existence and/or nature of any donor restrictions. Time-restricted and purpose-restricted contributions are required to be reported as temporarily restricted support, unless the donor expressly stipulates otherwise. When a restriction expires (that is, when a stipulated time restriction ends or a 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. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized.

Cash and Cash Equivalents: Cash equivalents consist of highly liquid investments with an initial maturity of three months or less.

Investments: Investments in equity securities with readily determinable fair values and all investments in debt securities are stated at fair market value in the statement of financial position.

Property and Equipment: Donated property and equipment are recorded at fair market value at the date of donation. Purchased property and equipment are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Maintenance and minor repairs are charged to expense when incurred. Additions and major renewals are capitalized. The cost and accumulated depreciation of assets sold or retired is removed from the respective accounts and any gain or loss is reflected in income.

Contributed Food, Services and Materials: Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. Contributed food and materials are also recorded at their fair values in the period received.

THE COOPERATIVE FEEDING PROGRAM, INC.

Notes to Financial Statements

September 30, 2008

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes: As a non-profit corporation under Internal Revenue Code Section 501(c)(3), CFP is exempt from corporate income taxation on income related to its exempt function. Therefore, no provision for income taxes has been made in the accompanying financial statements.

Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management's estimates. Actual results could vary from the estimates that were used.

Functional Allocation of Expenses: The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and detailed in the statement of functional expenses. Certain costs have been allocated among the programs and supporting services benefited.

Fair Value of Financial Instruments: Cash equivalents, grants and pledges receivable, prepaid expenses, deposits, accounts payable, and accrued expenses are reflected in the financial statements at cost which approximates fair value because of their short-term nature.

2. INVESTMENTS

At September 30, 2008, investments were comprised of a mutual bond fund in the amount of \$230,035.

Investment return is summarized as follows:

Interest and Dividends	\$	6,622
Net Unrealized Loss		(6,559)
Net Investment Loss from Beneficial Interest in Assets Held by Community Foundation		(7,797)
	\$	<u>(7,734)</u>

3. PLEDGES RECEIVABLE

At September 30, 2008, pledges receivable consisted of:

Pledges	\$	11,166
Less: Allowance for Doubtful Accounts		(5,000)
	\$	<u>6,166</u>

4. PROPERTY AND EQUIPMENT

At September 30, 2008, property and equipment consisted of:

Land	\$	319,148
Auto		41,595
Kitchen Equipment		27,338
Building and Improvements		1,448,493
Office Furniture and Fixtures		31,155
Office Machinery and Equipment		55,696
Total Property and Equipment		<u>1,923,425</u>
Less: Accumulated Depreciation		(303,961)
Net Book Value	\$	<u>1,619,464</u>

THE COOPERATIVE FEEDING PROGRAM, INC.

Notes to Financial Statements

September 30, 2008

5. MORTGAGES PAYABLE

At September 30, 2008, mortgages payable consisted of:

Mortgage payable to a Church, interest rate of 5.75%, payable in monthly installments of principal and interest, amortized over twenty years, maturing July 30, 2023, collateralized by land and building	\$ 153,144
Mortgage payable to a Church, interest rate of 5.75%, payable in monthly installments of principal and interest, amortized over fifteen years, maturing July 30, 2018, collateralized by land and building	<u>656,363</u>
	809,507
Less: Current Portion	<u>(57,532)</u>
Non-Current Portion	<u>\$ 751,975</u>

Future maturities of mortgages payable at September 30, 2008 are as follows:

For the Year Ended September 30:

2009	\$ 57,532
2010	60,928
2011	64,526
2012	68,335
2013	72,370
Thereafter	<u>485,816</u>
	<u>\$ 809,507</u>

6. NOTE PAYABLE

At September 30, 2008, note payable consisted of:

Note payable to a bank, interest rate of 7.75%, payable in monthly installments of principal and interest, amortized over three years, maturing 2010, collateralized by a vehicle with a recorded recorded book value of \$16,717	\$ 9,595
Less Current Portion	<u>(4,935)</u>
Non-Current Portion	<u>\$ 4,660</u>

7. RESTRICTIONS ON ASSETS

At September 30, 2008, temporarily restricted net assets are available for the following purposes or periods:

Endowment	\$ 50,000
Program Services	202,657
Environmental Cleanup	<u>131,433</u>
	<u>\$ 384,090</u>

THE COOPERATIVE FEEDING PROGRAM, INC.

Notes to Financial Statements

September 30, 2008

7. RESTRICTIONS ON ASSETS (continued)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by donors as follows:

Endowment	\$	50,000
Program Services		252,248
Environmental Cleanup		<u>52,662</u>
	\$	<u>354,910</u>

8. CONTRIBUTIONS

The following contributions are included in the financial statements for the year ended September 30, 2008:

	<u>Funding Period</u>	<u>Total Contribution</u>	<u>Collections Through 09/30/2008</u>
United Way	July 1, 2007-June 30, 2008	\$ 93,858	\$ 93,858
United Way	July 1, 2008-June 30, 2009	\$ 105,000	\$ 26,250

9. CONTRIBUTED FOOD, SERVICES AND MATERIALS

The value of contributed food, services and materials included in the financial statements for the year ended September 30, 2008 is as follows:

Public Support and Revenues	
Food, Clothing, Furniture and Equipment	\$ 1,693,066
Professional Fees	<u>42,400</u>
	<u>\$ 1,735,466</u>
Expenses	
Program Services	\$ 1,726,466
General and Administrative	<u>9,000</u>
	<u>\$ 1,735,466</u>

10. CONTINGENCIES

In prior years, CFP became aware of an environmental contamination risk caused by a former owner of CFP's premises. The contamination was caused by abandoned underground fuel reservoirs. CFP has engaged an environmental engineer to install and monitor test wells. In 2008, tests were taken which showed contamination levels which required clean-up. Management estimates that they can cleanup and remove the toxic soil for approximately \$50,000. A liability for this amount has been recorded in these financial statements. Future tests could reveal additional contamination. The cost of remediation of any additional contamination is unknown at this time. Due to the inability to determine the costs of the additional repairs, if any, necessary to correct this problem, CFP has not recorded this contingent liability.

11. ENDOWMENT FUNDS

On July 16, 2007, CFP entered into an agreement with the Community Foundation of Broward (the "Foundation") to establish a fund to manage the assets of an endowment fund (the "Fund").

THE COOPERATIVE FEEDING PROGRAM, INC.

Notes to Financial Statements

September 30, 2008

11. ENDOWMENT FUNDS (continued)

On June 19, 2007, CFP entered into an agreement with a donor that required CFP to place \$150,000 over the course of three years into an endowment fund. CFP has transferred \$50,000 to the Foundation as of September 30, 2008.

The Foundation is to invest the fund balance in accordance with its normal investment guidelines and procedures. Distributions to the CFP are made based on the current spending policy adopted by the Foundation, which may change from time to time. Currently, the distribution policy is 5% of the 12 quarter weighted average of the fair market value of the Fund. There were no distributions from the Foundation during the fiscal year ended September 30, 2008.

At September 30, 2008, the approximate fair market value of the Fund was \$43,238.

12. PRIOR PERIOD ADJUSTMENT

Adjustments to net assets in the CFS's previously issued September 30, 2007 financial statements have been corrected in the current year. These corrections resulted in the following changes to net assets as of September 30, 2007.

	<u>Unrestricted Net Assets</u>	<u>Temporarily Restricted Net Assets</u>	<u>Permanently Restricted Net Assets</u>	<u>Total Net Assets</u>
Net Assets, As Previously Reported	\$ 1,080,883	\$ 474,676	\$	\$ 1,555,559
Record Permanently Restricted Contribution			50,000	50,000
Record Net Investment Income from Beneficiary Interest in Assets Held by Community Foundation	<u>1,035</u>	<u> </u>	<u> </u>	<u>1,035</u>
Net Assets, As Restated	<u>\$ 1,081,918</u>	<u>\$ 474,676</u>	<u>\$ 50,000</u>	<u>\$ 1,606,594</u>