



MENDOCINO FOOD AND NUTRITION PROGRAM, INC

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2010

MENDOCINO FOOD AND NUTRITION PROGRAM, INC.
AUDITED FINANCIAL STATEMENTS

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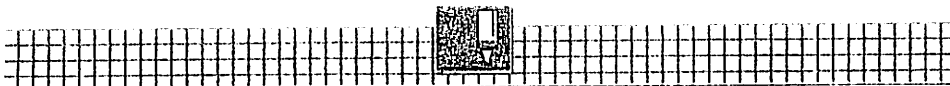
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To the Board of Directors of
Mendocino Food and Nutrition Program, Inc.

I have audited the accompanying statements of financial position of Mendocino Food and Nutrition Program, Inc. (a nonprofit organization) as of December 31, 2010 and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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 statements presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Mendocino Food and Nutrition Program, Inc. as of December 31, 2010, 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.

My audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule of functional expenses on page 6 is presented for purposes of additional analysis and is 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 my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Wendy S. Boise

Fort Bragg, California
July 17, 2011

MENDOCINO FOOD AND NUTRITION PROGRAM, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2010

ASSETS

Current Assets

Cash and cash equivalents	\$ 231,660	
Gift account	-	
Receivables	8,490	
Inventory	99,557	
Prepaid expenses	-	
Total current assets	\$ 339,708	

Fixed assets

Property & equipment	526,888	
Less accumulated depreciation	(275,129)	
Property & equipment, net	251,759	

Other assets

Certificate of deposit	-	
Total Assets	\$ 591,466	

LIABILITIES

Liabilities

Accounts payable	\$ 4,379	
Accrued payroll tax & employee benefits	2,050	
Total liabilities	\$ 6,430	

NET ASSETS

Unrestricted	384,997	
Temporarily restricted	119,039	
Reserved	81,000	
Total net assets	585,036	
Total liabilities & net assets	\$ 591,466	

MENDOCINO FOOD AND NUTRITION PROGRAM, INC.
STATEMENT OF ACTIVITIES
DECEMBER 31, 2010

Unrestricted net assets

Public support, Revenues and Reclassifications

Special events

Income	\$ 11,242	
Expenses	(1,823)	

Special events - net \$ 9,419

Donations

Total donations	1,612,868	
Less restricted donations	(1,448,222)	

Total unrestricted donations 164,646

Other fundraising activities 8,718

Grants & subsidies 151,045

Interest income 1,343

Total unrestricted support \$ 335,173

Reclassifications -

Net assets released from restriction 1,435,266

Total unrestricted support and reclassifications 1,770,439

Expenses and Losses

Supporting services

Payroll expenses	157,886	
Fundraising	8,833	
General & administrative	58,282	
Less costs allocated to program	(165,075)	
Total support services		59,926

Program services

Distributions of food, etc	1,497,092	
Other direct and allocated program costs	198,293	
Total program costs		1,755,311

Total expenses and losses 1,815,238

Increase in unrestricted net assets 15,127

Temporarily restricted net assets

Restricted donations and reclassifications	1,448,222	
Net assets released from restrictions	(1,435,266)	
Increase in temporarily restricted net assets		12,956

Total increase in net assets 28,083

Beginning net assets - January 1, 2010 550,978

Prior period adjustment 5,975

Net assets at December 31, 2010 \$ 585,036

MENDOCINO FOOD AND NUTRITION PROGRAM, INC.
STATEMENT OF CASH FLOWS
DECEMBER 31, 2010

Operating Activities

Increase in net assets	\$ 28,083
Adjustments to reconcile increase in net assets to cash provided (used) by operating activities:	
Depreciation	9,100
(Increase) decrease in:	
Inventory	(3,744)
Receivables	(7,810)
Increase (decrease) in:	
Accounts payable	3,241
Other current liabilities	360
Net investment return	(1,343)
Net non-cash items affecting net assets	(10,743)
Net cash provided (used) by operating activities	<u>17,144</u>

Investing Activities

Equipment purchased	(6,542)
Realized investment income	1,343
Maturities, reinvestments and reclassifications	-
Net cash provided (used) by investing activities	<u>(5,199)</u>

Net change in cash and cash equivalents	11,945
Cash and cash equivalents as of 1/1/2010	219,715
Cash and cash equivalents as of 12/31/2010	<u>\$ 231,660</u>

MENDOCINO FOOD AND NUTRITION PROGRAM, INC.
STATEMENT OF FUNCTIONAL EXPENSES
DECEMBER 31, 2010

Payroll expenses			
Wages	\$	116,758	
Payroll taxes and employee benefits		41,128	
Total payroll expenses		\$ 157,886	
Fundraising expenses			
Newsletter	\$	7,777	
Postage		1,056	
Other		-	
Total fundraising expenses		8,833	
General and administrative expenses			
Utilities	\$	18,991	
Office		3,811	
Warehouse		14,660	
Insurance		6,084	
Accounting/auditing		7,037	
Other		7,698	
Total general & administrative expenses		58,281	
Less allocations to program costs			(165,075)
Total functional expenses			\$ 59,926

MENDOCINO FOOD AND NUTRITION PROGRAM, INC.
Notes to Financial Statements
December 31, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

The Mendocino Food and Nutrition Program, Inc. (the Food Bank) was formed in California in 1979 to provide outreach, education and accessibility to food and nutrition programs in Mendocino and Lake Counties. The Articles of Incorporation were amended in 1988 to remove Lake County from their sphere and also to more appropriately focus their charitable mission of the distribution of nutritional foods to those in need, as well as education and other outreach services.

The Food Bank is responsible for the distribution and oversight of various food distribution programs throughout Mendocino County. People served at the local site averaged just under 1,800 per month with an additional 2,300 served per month at sub-sites around the county. A monthly average of, approximately, 10,200 meals were served at soup kitchens throughout the county.

The Food Bank is a nonprofit organization as described in Section 501 (c) (3) of the Internal Revenue Code and is exempt from federal and state income taxes.

Public Support and Revenue

Annual campaign contributions are generally available for unrestricted use in the related campaign year unless specifically restricted by the donor.

Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When donor restrictions expire, that is, when a stipulated time restriction and/or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of net assets as net assets released from restrictions. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as unrestricted contributions.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management's estimates. The most significant of these estimates surrounds the valuation of food and is discussed further in Note 2.

Cash and Cash Equivalents

The Food Bank considers all highly liquid investments with initial maturity of three months or less when acquired to be cash equivalents.

NOTE 2: INVENTORIES

For USDA contributions of food, the Food Bank is provided with wholesale values. For other donations the Food Bank follows nationwide standards for valuing its inventory first by pounds and then assigning a widely accepted value per pound to it. As such it uses an amount based on the standard established by Feeding America (formerly America's Second Harvest, Inc). The Food Bank currently uses \$1.58 per pound to value non-USDA food. The Food Bank keeps very detailed records of the pounds of food received and in inventory.

NOTE 3: PROPERTY, FURNITURE AND EQUIPMENT

The following is a summary of property, furniture and equipment as of December 31, 2010:

Land and building	\$	346,598
Vehicles		86,213
Furniture and equipment		<u>94,077</u>
		526,888
Less accumulated depreciation		<u>(275,129)</u>
Total	\$	<u>251,759</u>

Depreciation is deducted, straight line, over the estimated useful life of the assets. Donated assets are recorded at their estimated values when received. Analyses of the assets, historical records, and actual receipts, have all contributed to establishing the value of property and equipment.

NOTE 4: TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of food that has been received but not yet distributed, and the unexpended portion of a grant from Vitamin Cases Consumer Settlement Fund of \$19,482. The "Vitamin Grant" is \$90,000 to be distributed over 36 months as each portion is expended and approved.

NOTE 5: DONATED SERVICES

The Food Bank receives a significant amount of donated services from unpaid volunteers who assist in fund-raising and program services. No amounts have been recognized in the statements of activities because the criteria for recognition under Statements on Financial Accounting Standards No. 116 have not been met. The Food Bank does, however, record the number of hours volunteered and assigns a value of \$9/hr as a reasonable standard for what the equivalent services would cost. For the year ended December 31, 2010, the number of volunteer hours recorded was 13,214 for an estimated value of \$118,926.