# THE COOPERATIVE FEEDING PROGRAM, INC.

## d/b/a LIFENET4FAMILIES

Financial Statements

December 31, 2019

*Robbins and Moroney, P.A.*
*Certified Public Accountants*

## CONTENTS

Robbins and Moroney, P.A.
Certified Public Accountants

Accounting and Auditing
Taxation and Consulting

222 Southeast Tenth Street
Fort Lauderdale, Florida 33316

Telephone: (954) 467-3100
Facsimile: (954) 467-2080

# INDEPENDENT AUDITOR'S REPORT

Board of Directors
The Cooperative Feeding Program, Inc.
d/b/a LifeNet4Families
Fort Lauderdale, Florida

## Report on the Financial Statements

We have audited the accompanying financial statements of The Cooperative Feeding Program, Inc., d/b/a LifeNet4Families (the "Agency"), a non-profit organization, which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, cash flows and functional expenses for the year 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 audit. 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 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.



American Institute of Certified Public Accountants
Florida Institute of Certified Public Accountants

Board of Directors
The Cooperative Feeding Program, Inc.
d/b/a LifeNet4Families

**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., d/b/a LifeNet4Families as of December 31, 2019, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated June 26, 2020, on our consideration of The Cooperative Feeding Program, Inc., d/b/a LifeNet4Families' 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 The Cooperative Feeding Program, Inc., d/b/a LifeNet4Families' internal control over financial reporting and compliance.

**ROBBINS and MORONEY, P.A.**
Certified Public Accountants

*Robbins and Moroney, P.A.*

Fort Lauderdale, Florida
June 26, 2020

**THE COOPERATIVE FEEDING PROGRAM, INC.**
**d/b/a LIFENET4FAMILIES**

Statement of Financial Position
December 31, 2019

| | | |
|---|---|---|
| **Assets** | | |
| **Current Assets** | | |
| Cash and Cash Equivalents | $ | 494,638 |
| Grants and Other Receivables | | 10,853 |
| Prepaid Expenses | | 8,499 |
| **Total Current Assets** | | 513,990 |
| **Non-Current Assets** | | |
| Property and Equipment | | 1,233,166 |
| Beneficial Interest in Assets Held by Community Foundation | | 1,106,694 |
| **Total Non Current Assets** | | 2,339,860 |
| **Total Assets** | $ | 2,853,850 |
| **Liabilities and Net Assets** | | |
| **Current Liabilities** | | |
| Accounts Payable and Accrued Expenses | $ | 32,351 |
| Deferred Revenue | | 57,622 |
| Mortgage Payable | | 14,300 |
| **Total Current Liabilities** | | 104,273 |
| **Non-Current Liabilities** | | |
| Mortgage Payable | | 17,616 |
| **Total Liabilities** | | 121,889 |
| **Net Assets** | | |
| Without Donor Restrictions | | 1,136,950 |
| With Donor Restrictions | | 1,595,011 |
| **Total Net Assets** | | 2,731,961 |
| **Total Liabilities and Net Assets** | $ | 2,853,850 |

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

## THE COOPERATIVE FEEDING PROGRAM, INC.
## d/b/a LIFENET4FAMILIES

Statement of Activities
For the Year Ended December 31, 2019

| | | |
|---|---|---|
| **Net Assets Without Donor Restrictions** | | |
| **Public Support and Revenues** | | |
| Contributions | $ 291,618 | |
| Grants and Contracts | 184,526 | |
| Fundraising Events | 331,703 | |
| Less: Costs of Direct Benefits to Donors | (60,380) | |
| Net Assets Released from Restrictions | 507,960 | |
| Contributed Food, Services and Materials | 1,340,941 | |
| **Total Public Support and Revenues** | 2,596,368 | |
| **Expenses** | | |
| Program Services | 1,027,064 | 87 |
| General and Administrative | 179,283 | 6.6 |
| Fundraising | 171,582 | 6.4 |
| Contributed Food, Services and Materials | 1,340,941 | |
| **Total Expenses** | 2,718,870 | |
| **Change in Net Assets Without Donor Restrictions** | (122,502) | |
| **Net Assets With Donor Restrictions** | | |
| Contributions | 545,310 | |
| Investment Income | 160,918 | |
| Net Assets Released from Restrictions | (507,960) | |
| **Change in Net Assets With Donor Restrictions** | 198,268 | |
| **Change in Net Assets** | 75,766 | |
| **Net Assets, Beginning of Year** | 2,656,195 | |
| **Net Assets, End of Year** | $ 2,731,961 | |

**THE COOPERATIVE FEEDING PROGRAM, INC.**
**d/b/a LIFENET4FAMILIES**

Statement of Cash Flows
For the Year Ended December 31, 2019

| | | |
|---|---|---|
| **Cash Flows from Operating Activities** | | |
| Change in Net Assets | $ | 75,766 |
| Adjustments to Reconcile Change in Net Assets to Net Cash from Operating Activities | | |
| Depreciation | | 52,176 |
| Net Investment Income from Beneficial Interest in Assets Held by Community Foundation | | (160,918) |
| Changes in Assets and Liabilities: | | |
| Increase in Grants and Other Receivables | | (2,726) |
| Decrease in Prepaid Expenses | | 11,366 |
| Increase in Accounts Payable and Accrued Expenses | | 10,404 |
| Decrease in Deferred Revenues | | (4,891) |
| **Net Cash Flows from Operating Activities** | | (18,823) |
| **Cash Flows from Investing Activities** | | |
| Distributions from Beneficial Interest | | 54,858 |
| Purchase of Property and Equipment | | (18,643) |
| **Net Cash Flows from Investing Activities** | | 36,215 |
| **Cash Flows from Financing Activities** | | |
| Payments on Mortgage Payable | | (13,769) |
| **Net Cash Flows from Financing Activities** | | (13,769) |
| **Net Change in Cash and Cash Equivalents** | | 3,623 |
| **Cash and Cash Equivalents, Beginning of Year** | | 491,015 |
| **Cash and Cash Equivalents, End of Year** | $ | 494,638 |

| | | |
|---|---|---|
| **Supplemental Disclosure of Cash Flow Information:** | | |
| Cash Paid During the Year for Interest | $ | 1,545 |

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

# THE COOPERATIVE FEEDING PROGRAM, INC.
## d/b/a LIFENET4FAMILIES

Statement of Functional Expenses
For the Year Ended December 31, 2019

| | Program Services | General and Administrative | Fundraising | Total |
|---|---|---|---|---|
| Salaries and Benefits | $ 479,773 | $ 52,475 | $ 92,456 | $ 624,704 |
| Supplies | 207,044 | 12,617 | | 219,661 |
| Professional Fees | 6,732 | 58,276 | 8,628 | 73,636 |
| Advertising and Promotion | | 5,455 | 61,471 | 66,926 |
| Security | 55,835 | 1,519 | 392 | 57,746 |
| Repairs and Maintenance | 55,173 | 1,501 | 388 | 57,062 |
| Contract Labor | 46,144 | 3,774 | 3,774 | 53,692 |
| Depreciation | 50,449 | 1,372 | 355 | 52,176 |
| Utilities | 44,873 | 1,221 | 316 | 46,410 |
| Individual Assistance | 42,641 | | | 42,641 |
| Office | 8,485 | 13,722 | 1,697 | 23,904 |
| Vehicles | 10,241 | 2,560 | | 12,801 |
| Telephone | 8,645 | 946 | 1,666 | 11,257 |
| Miscellaneous | 8,994 | 1,571 | | 10,565 |
| Insurance | | 10,129 | | 10,129 |
| Environmental Cleanup | | 5,372 | | 5,372 |
| Licenses and Permits | 200 | 3,302 | 200 | 3,702 |
| Conferences and Meetings | 341 | 2,895 | 170 | 3,406 |
| Interest | 1,494 | 41 | 10 | 1,545 |
| Dues and Subscriptions | | 535 | 59 | 594 |
| | $ 1,027,064 | $ 179,283 | $ 171,582 | $ 1,377,929 |

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

## 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Organization:** The Cooperative Feeding Program, Inc., d/b/a LifeNet4Families (the "Agency") is a non-profit organization whose mission is to be part of a seamless system of care in Broward County to reduce the pain and suffering of individuals and families in poverty by providing necessary food, ancillary services, and referrals.

**Date of Management's Review:** In preparing the financial statements, the Agency has evaluated events and transactions for potential recognition or disclosure through June 26, 2020, the date that these financial statements were available to be issued.

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

**Financial Statement Presentation:** Net assets, revenues, gains and losses are classified based on the existence or absence of donor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor restrictions.

*Net Assets With Donor Restrictions* – Net assets subject to donor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Agency reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the contribution is received. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

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

**Grants and Other Receivables:** Grants and other receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to the receivable. At December 31, 2019, the valuation allowance for uncollectable amounts was $6,500. Changes in the valuation allowance have not been material to the financial statements.

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

**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.

**Income Taxes:** As a non-profit corporation under Internal Revenue Code Section 501(c)(3), the Agency 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.

The Agency has not incurred any interest or penalties on its income tax returns.

The Agency's tax returns are subject to possible examination by the taxing authorities. For federal income tax purposes, the tax returns remain open for possible examination for a period of three years after the respective filing deadlines of those returns.

**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.

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

**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 other receivables, prepaid expenses, accounts payable and accrued expenses and deferred revenue are reflected in the financial statements at cost which approximates fair value because of their short-term nature.

**New Accounting Pronouncement:** On May 28, 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606). The standard proscribes a single model for revenue recognition, with a set of principles to be used for determining when revenue should be recognized. It also requires expanded disclosures about the nature, amount, and timing of revenue and cash flows. The standard is effective beginning January 1, 2019. The adoption of this new guidance will not have a material impact on the Agency's financial statements.

## 2. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Agency has a policy to manage its liquidity and reserves following three guiding principles: operating within a prudent range of financial stability, maintaining adequate liquidity to fund near-term operations, and maintain sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The following table reflects the Agency's financial assets as of December 31, 2019, reduced by amounts not available for general expenditures within one year.

| | |
|---|---|
| Cash and Cash Equivalents | $ 494,638 |
| Grants and Other Receivable | 10,853 |
| Beneficial Interest in Assets Held by Community Foundation | 1,106,694 |
| Total Financial Assets at December 31, 2019 | 1,612,185 |
| Less Amounts Not Available to be Used Within One Year: | |
| Net Assets with Donor Restrictions | 1,595,011 |
| Less: Net Assets with Purpose Restrictions to be Met in Less Than One Year | (488,317) |
| | 1,106,694 |
| Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year | $ 505,491 |

## 3. INVESTMENT INCOME

Investment income is summarized as follows:

| | |
|---|---|
| Net Investment Income from Beneficial Interest in Assets Held by Community Foundation | $ 160,918 |

## 4. GRANTS AND OTHER RECEIVABLES

At December 31, 2019, grants and other receivables consisted of:

| | |
|---|---|
| Grants | $ 7,508 |
| Other Receivables | 9,845 |
| | 17,353 |
| Less: Allowance for Bad Debts | (6,500) |
| | $ 10,853 |

## 5. PROPERTY AND EQUIPMENT

At December 31, 2019, property and equipment consisted of:

| | |
|---|---|
| Land | $ 319,149 |
| Vehicles | 94,760 |
| Kitchen Equipment | 41,394 |
| Building and Improvements | 1,503,283 |
| Furniture and Fixtures | 34,932 |
| Machinery and Equipment | 86,368 |
| **Total Property and Equipment** | 2,079,886 |
| Less: Accumulated Depreciation | (846,720) |
| **Net Book Value** | $ 1,233,166 |

## 6. MORTGAGE PAYABLE

At December 31, 2019, mortgage payable consisted of:

| | |
|---|---|
| Mortgage payable to a Church, interest rate of 3.875%, payable in monthly installments of principal and interest, amortized over twenty years, maturing July 30, 2023, collateralized by land and building. | $ 31,916 |
| Less: Current Portion | (14,300) |
| Non-Current Portion | $ 17,616 |

## 6. MORTGAGE PAYABLE (continued)

Future maturities of mortgage payable at December 31, 2019 are as follows:

| | | |
|---|---|---|
| Year Ended December 31, | 2020 | $ 14,300 |
| | 2021 | 14,883 |
| | 2022 | 2,733 |
| | | $ 31,916 |

## 7. RESTRICTIONS ON ASSETS

At December 31, 2019, net assets with donor restrictions are available for the following purposes or periods:

| | |
|---|---|
| Program Services | $ 410,021 |
| Environmental Cleanup | 58,296 |
| Client Management System | 10,000 |
| Building | 10,000 |
| Endowment | 1,106,694 |
| | $ 1,595,011 |

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:

| | |
|---|---|
| Program Services | $ 447,730 |
| Environmental Cleanup | 5,372 |
| Endowment Distribution | 54,858 |
| | $ 507,960 |

## 8. CONTRIBUTED FOOD, SERVICES AND MATERIALS

The value of contributed food, services and materials included in the financial statements for the year ended December 31, 2019 is as follows:

| | |
|---|---|
| Public Support and Revenues | |
| Food, Clothing, Furniture and Supplies | $ 1,318,412 |
| Professional Fees | 21,529 |
| | $ 1,340,941 |
| Expenses | |
| Program Services | $ 1,340,941 |
| Fundraising | |
| | $ 1,340,941 |

## 8. CONTRIBUTED FOOD, SERVICES AND MATERIALS (continued)

The Agency received 779,617 pounds of donated food from various non-governmental and governmental entities during 2019. The average fair value of one pound of donated food was determined to be $1.72 which was based upon a study performed in 2019 by the Agency using published prices from local sources.

## 9. CONTINGENCIES

In prior years, the Agency became aware of an environmental contamination risk caused by a former owner of the Agency's premises. The contamination was caused by abandoned underground fuel reservoirs. The Agency has engaged an environmental engineer to install and monitor test wells. 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, the Agency has not recorded this contingent liability.

In the normal course of activities, the Agency receives grants and other forms of reimbursements from various government agencies. These activities are subject to audit by agents of the funding authority, the purpose of which is to ensure compliance with conditions precedent to providing such funds. Management of the Agency believes that the liability, if any, for any reimbursement which may arise as a result of audits would not be material.

## 10. CONCENTRATIONS OF CREDIT RISK

Financial instruments which potentially subject the Agency to concentrations of credit risk consist principally of cash equivalents, unsecured receivables, and beneficial interest in assets held by community foundation.

The Agency's ability to collect its receivables is dependent upon economic conditions and the financial condition of its customers. The Agency has not experienced significant losses related to receivables. Management believes no additional credit risk is inherent in the Agency's receivables.

At December 31, 2019, the Agency had approximately $495,000 in cash, of which $245,000 was in excess of the federally insured limits.

## 10. CONCENTRATIONS OF CREDIT RISK (continued)

The Agency's beneficial interest in assets held by community foundation are exposed to various risks such as interest rate, market and credit risk. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the value of investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

## 11. BENEFICIAL INTEREST IN ASSETS HELD BY COMMUNITY FOUNDATION

On July 16, 2007, the Agency 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 Agency carries its investment in the beneficial interest at fair market value which at December 31, 2019 was $1,106,694.

The Foundation is to invest the fund balance in accordance with its normal investment guidelines and procedures. Distributions to the Agency are based on the Foundation's stated "income return percentage" for the period, multiplied by the weighted average market value of the funds. These funds are the property of the Foundation owned by it in its normal capacity.

Accounting Standards Codification 958 ("ASC 958"), "Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds" provides guidance on the net asset classification of donor-restricted endowment funds for a non-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). ASC 958 also requires additional disclosures about an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds), whether or not the organization is subject to UPMIFA.

The State of Florida enacted the "Florida Uniform Prudent Management of Institutional Funds Act ("FUPMIFA") effective July 1, 2012, the provisions of which apply to endowment funds existing on or established after that date. The Board of Directors, on the advice of legal counsel, has determined that the majority of the Agency's permanently restricted net assets meet the definition of endowment funds under FUPMIFA.

The Board of Directors of the Agency has interpreted the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Agency classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted

## 11. BENEFICIAL INTEREST IN ASSETS HELD BY COMMUNITY FOUNDATION (continued)

endowment fund is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Agency in a manner consistent with the standard of prudence prescribed by FUPMIFA.

In accordance with FUPMIFA, the Agency considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Agency, and (7) the Agency's investment policies.

**Endowment Investment and Spending Policies:** The Agency has adopted investment and spending policies, approved by the Board of Directors, for endowment assets. In order to meet its needs, the investment strategy for the Agency's endowment assets is to emphasize a balanced investment strategy, incorporating annual capital appreciation, as well as dividend and interest income.

The primary objectives in the investment management of the Agency's endowment assets shall be:

1. Preservation of Principal: To preserve the principal of the Agency's endowment assets against loss.
2. Preservation of Principal Purchasing Power: To achieve endowment investment returns equal to or greater than the rate of inflation.
3. Risk control is to be considered a critical element in the investment of the Agency's endowment assets.
4. Long Term Growth of Principal: To encourage the long-term growth of endowment principal without excessive risk.

The Agency's Finance Committee will attempt to balance the Agency's shorter-term budget process with its goal to preserve principal and its purchasing power in perpetuity by designing a spending policy which is flexible and is based on investment results.

## 11. BENEFICIAL INTEREST IN ASSETS HELD BY COMMUNITY FOUNDATION (continued)

Endowment net asset composition by type of fund as of December 31, 2019 is as follows:

| | Net Assets with Donor Restrictions | | |
|---|---|---|---|
| | Original Gift Amount | Accumulated Gains (Loss) | Total Endowment Net Assets |
| Endowment net assets, beginning of period | $ 1,085,000 | $ (84,366) | $ 1,000,634 |
| Net investment income on beneficial interest | | 160,918 | 160,918 |
| Appropriation of endowment net assets for expenditure | | (54,858) | (54,858) |
| Endowment net assets, end of period | $ 1,085,000 | $ 21,694 | $ 1,106,694 |

## 12. FAIR VALUE MEASUREMENTS

Accounting Standards Codification 820 ("ASC 820"), Fair Value Measurements, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Agency has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;

## 12. FAIR VALUE MEASUREMENTS (continued)

- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value on a recurring basis:

**Beneficial Interest in Community Foundation:** The fair value of the beneficial interest in the community foundation's investments is determined by the investment fund manager of the organization holding the assets. The composition of the assets held by the community foundation are invested pursuant to its governing instruments and valued accordingly.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Agency believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Agency's assets at fair value as of December 31, 2019:

| | Total | Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|
| **Assets** | | | | |
| Beneficial Interest in Community Foundation | $ 1,106,694 | $ | $ | $ 1,106,694 |
| Total Assets at Fair Value | $ 1,106,694 | $ | $ | $ 1,106,694 |

## 12. FAIR VALUE MEASUREMENTS (continued)

### Level 3 Gains and Losses

The table below sets forth a summary of changes in the fair value of the Agency's Level 3 assets and liabilities for the year ended December 31, 2019:

| | Level 3 Assets<br>Beneficial Interest in Community Foundation |
|---|---|
| **Balance, beginning of year** | $ 1,000,634 |
| Investment Income | 160,918 |
| Distributions | (54,858) |
| **Balance, end of year** | $ 1,106,694 |

Investment income of $160,918 is included in the change in net assets with donor restrictions as reported on the statement of activities for the year ended December 31, 2019.

*Robbins and Moroney, P.A.*
*Certified Public Accountants*

Accounting and Auditing
Taxation and Consulting

222 Southeast Tenth Street
Fort Lauderdale, Florida 33316

Telephone: (954) 467-3100
Facsimile: (954) 467-2080

# 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

Board of Directors
The Cooperative Feeding Program, Inc.
d/b/a LifeNet4Families
Fort Lauderdale, Florida

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 of the United States, the financial statements of The Cooperative Feeding Program, Inc., d/b/a LifeNet4Families (a non-profit organization) (the "Agency"), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 26, 2020.

## Internal Control Over Financial Reporting

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



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## 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 (continued)

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency'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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**ROBBINS and MORONEY, P.A.**
Certified Public Accountants

*Robbins and Moroney, P.A.*

Fort Lauderdale, Florida
June 26, 2020