

**FEEDING AMERICA'S CHILDREN, INC.
F.K.A. FOOD PROVIDERS OF AMERICA**

*FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT*

September 30, 2009 and 2008

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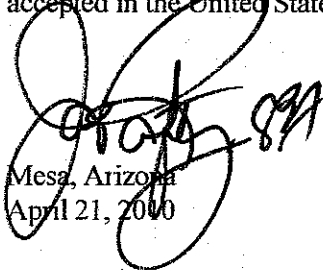
INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Feeding America's Children, Inc.
Peoria, Arizona

I have audited the accompanying statements of financial position of Feeding America's Children, Inc., (an Arizona nonprofit organization) as of September 30, 2009 and 2008, and the related statements of activities, functional expenses, and cash flows for the years 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 statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Feeding America's Children, Inc. as of September 30, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.



Mesa, Arizona
April 21, 2010

FEEDING AMERICA'S CHILDREN, INC.
F.K.A. FOOD PROVIDERS OF AMERICA
STATEMENTS OF FINANCIAL POSITION
September 30,

ASSETS

	2009	2008
<i>Current Assets</i>		
Cash	\$ 24,980	\$ 40,976
Pledges receivable, net	47,770	62,939
Total Current Assets	72,750	103,915
 <i>Property and Equipment, net</i>	 382	 590
	 \$ 73,132	 \$ 104,505

NET ASSETS

<i>Net Assets - Unrestricted</i>	\$ 73,132	\$ 104,505
	\$ 73,132	\$ 104,505

See accompanying notes to the financial statements

FEEDING AMERICA'S CHILDREN, INC.
F.K.A. FOOD PROVIDERS OF AMERICA
STATEMENTS OF ACTIVITIES
Years Ended September 30,

	2009	2008
<i>Unrestricted Net Assets</i>		
Support		
Gifts-in-kind	\$2,397,670	\$ 663,734
Contributions	68,803	81,421
Total Support	2,466,473	745,155
<i>Expenses</i>		
Program services	2,493,630	702,151
Management services	2,474	476
Fundraising services	1,742	556
Total Expenses	2,497,846	703,183
Increase (Decrease) in Net Assets	(31,373)	41,972
<i>Net Assets, beginning of year</i>	104,505	62,533
<i>Net Assets, end of year</i>	\$ 73,132	\$ 104,505

See accompanying notes to the financial statements

FEEDING AMERICA'S CHILDREN, INC.
F.K.A. FOOD PROVIDERS OF AMERICA
STATEMENT OF FUNCTIONAL ALLOCATION
Year Ended September 30, 2009

	Program	Supporting Services		Totals
	Services	Management	Fundraising	
Gifts-in-kind	\$ 2,397,670	\$ -	\$ -	\$ 2,397,670
Program support	79,351	-	-	79,351
Professional fees	7,413	1,390	463	9,266
Accounting	6,393	852	1,279	8,524
Travel expenses	1,339	-	-	1,339
Telephone	1,145	127	-	1,272
Depreciation	166	42	-	208
Supplies	77	19	-	96
Bank fees	60	15	-	75
Miscellaneous expense	-	25	-	25
Licenses and fees	16	4	-	20
	<u>\$ 2,493,630</u>	<u>\$ 2,474</u>	<u>\$ 1,742</u>	<u>\$ 2,497,846</u>

See accompanying notes to the financial statements

FEEDING AMERICA'S CHILDREN, INC.
F.K.A. FOOD PROVIDERS OF AMERICA
STATEMENT OF FUNCTIONAL ALLOCATION
Year Ended September 30, 2008

	Program Services	Supporting Services		Totals
		Management	Fund Raising	
Gifts-in-kind	\$ 663,734	\$ -	\$ -	\$ 663,734
Program support	35,000	-	-	35,000
Accounting	2,782	371	556	3,709
Telephone	348	39	-	387
Depreciation expense	166	42	-	208
Supplies	96	24	-	120
Program development	25	-	-	25
	<u>\$ 702,151</u>	<u>\$ 476</u>	<u>\$ 556</u>	<u>\$ 703,183</u>

See accompanying notes to the financial statements

FEEDING AMERICA'S CHILDREN, INC.
F.K.A. FOOD PROVIDERS OF AMERICA
STATEMENTS OF CASH FLOWS
Years Ended September 30,

	2009	2008
<i>Cash Flows from Operating Activities</i>		
Cash received from donors and grants	\$ 83,972	\$ 60,787
Cash paid to suppliers	(99,968)	(39,241)
Net Cash Provided (Used) By Operating Activities	(15,996)	21,546
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	(15,996)	21,546
<i>Beginning Cash and Cash Equivalents</i>	40,976	19,430
<i>Ending Cash and Cash Equivalents</i>	\$ 24,980	\$ 40,976
 <i>Reconciliation of Changes in Net Assets to Net Cash Provided (Used) by Operating Activities:</i>		
Increase (Decrease) in net assets	\$ (31,373)	\$ 41,972
Adjustments to reconcile change in net assets to cash provided (used) by operating activities:		
Depreciation expense	208	208
(Increase) Decrease in operating assets		
Pledges receivable	15,169	(20,634)
<i>Net Cash Provided (Used) By Operating Activities</i>	\$ (15,996)	\$ 21,546

See accompanying notes to the financial statements

FEEDING AMERICA'S CHILDREN, INC.
NOTES TO THE FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Organization reports in accordance with the American Institute of Certified Public Accountants Industry Audit Guide, Audits of Voluntary Health and Welfare Organizations. The Organization reports adhere to the following accounting policies:

Corporate Organization

Feeding America's Children, Inc. (FAC), formerly known as Food Providers of America, is a nonprofit organization incorporated March 28, 2000 in the State of Arizona. The organization changed its name from Food Providers of America to Feeding America's Children, Inc. in a September 2009 amendment to the Articles of Incorporation, filed by the Arizona Corporation Commission in October 2009. The Organization provides assistance with transportation expenses to provide fresh foods to member agencies in the northern states during winter months. These agencies then will assist the southern states, providing a networking between independent food banks to provide a year round nutritionally balanced food base to those in need, and prevent food waste within a region. Feeding America's Children, Inc. will also provide assistance to food donors by helping with the transportation of donated commodities to other geographical areas of our country.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its statement of Accounting Standards Codification (ASC); FASB ASC 958-225-45. Under FASB ASC 958-225-45, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Organization had no temporary or permanently restricted net assets to date.

Fair Value of Financial Instruments

The following methods and assumptions were used by Feeding America's Children, Inc. in estimating its fair value disclosures for financial instruments:

Cash, cash equivalents: The carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments.

Pledges Receivable- Receivables are carried at net realizable value, which equals the principal outstanding less an allowance for uncollectible balances and the costs of collecting accounts.

The estimated fair values of Feeding America's Children, Inc. financial instruments, none of which are held for trading purposes, are as follows:

	<u>Carrying Amount</u>	<u>Fair Value</u>
Financial Assets:		
Cash and cash equivalents	\$ 24,980	\$ 24,980
Pledges Receivable	\$ 47,770	\$ 47,770

The Organization estimates that the fair value of all financial instruments at September 30, 2009, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying Statements of Financial Position.

FEEDING AMERICA'S CHILDREN, INC.
NOTES TO THE FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Revenue and Support Recognition

Support restricted by the donor, grantor, or other outside party for particular operating purposes are deemed to be earned and reported as revenues of the current restricted fund when the Organization has incurred expenditures in compliance with the specific restrictions. Such amounts received but not yet expended are reported as temporarily restricted deferred revenue.

The Organization recognizes pledges as revenue under FASB ASC 958-225-45 "Not-For-Profit Entities: Revenue Recognition". Under FASB ASC 958-605-45, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Basis of Accounting

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

Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and highly liquid investments with an initial maturity dates of less than three months. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

Income Taxes

The Organization is a public charity, nonprofit organization as defined in the Internal Revenue Code Section 501(c) (3) and is therefore exempt from federal and state income taxes.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting policies 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 reported period. Actual results could differ from those estimates.

Property and Equipment

Acquisitions of property and equipment in excess of \$500 are capitalized. Property and equipment are carried at cost. Depreciation is computed using primarily straight line method.

FEEDING AMERICA'S CHILDREN, INC.
NOTES TO THE FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Functional Expenses

The cost of providing various programs and other activities has been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program and support services benefited as estimated by the Organization's management.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through April 21, 2010.

Fair Value Measurement

Feeding America's Children, Inc. measures the fair value of Gift in Kind revenues and expenses in accordance with FASB ASC, Fair Value Measurements and Disclosures. The standard provides a hierarchy for prioritizing inputs to valuation techniques: level 1 inputs are unadjusted quoted prices in active markets; level 2 inputs are observable market data, generally other than quoted prices; level 3 inputs are significant unobservable data. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The Organization's gift in kind revenue and expenses as of September 30, 2009 and 2008 were measured at a wholesale fair value of \$2,397,670 and \$663,734, respectively, using level 3 inputs obtained from independent studies.

Gifts in Kind

The Organization records humanitarian donations of food, clothing and misc. materials in accordance with industry standards developed by the Association of Evangelical Relief and Development Organizations which is in accordance with generally accepted accounting principles. Donated materials are recorded at their estimated fair market value (generally wholesale or less) at the time the goods are received from the donor and recorded at such time as Organization distributes the goods for charitable purposes. All such donations are reported as increases in unrestricted net assets as the donor has not restricted the donated asset to a specific purpose and has given the Organization unilateral power to redirect the goods to another beneficiary. Donated materials for September 30, 2009 and 2008 were \$2,397,670 and \$663,734, respectively.

During the years ended September 30, 2009 and 2008 Feeding America's Children, Inc distributed approximately 1,598,446 and 442,489 pounds of donated food, respectively to member agencies (and other food banks). The distributed food is valued at \$1.50 per pound which amounts to \$2,397,670 and \$663,734 in 2009 and 2008, respectively. The Organization did not have any donated food on hand at September 30, 2009 and 2008.

FEEDING AMERICA'S CHILDREN, INC.
NOTES TO THE FINANCIAL STATEMENTS

NOTE B – PLEDGES RECEIVABLE

Pledges receivable in the current period consisted of the following for the year ended September 30,

	2009	2008
Federated Campaign Pledges	\$ 63,693	\$ 83,919
Less 25% shrinkage	(15,923)	(20,980)
	\$ 47,770	\$ 62,939

The allowance for shrinkage is an estimate based on historical performance, federation estimates and projection of trends.

NOTE C – PROPERTY AND EQUIPMENT

Property and equipment at September 30, consisted of the following:

	2009	2008
Equipment, Furniture & Fixtures	\$ 1,041	\$ 1,041
Less Accumulated Depreciation	(659)	(451)
	\$ 382	\$ 590

Depreciation expense for the years ended September 30, 2009 and 2008 was \$208.

NOTE D – CONCENTRATIONS

The Organization received 100% of cash support in 2009 and 2008 from a federated campaign. Total cash contributions received from the campaign in 2009 and 2008 was \$68,803 and \$81,421, respectively. The Organization received 100% of their gift-in-kind contributions in 2009 and 2008 from a single non-profit entity. Total gift-in-kind contributions received from the Organizations in 2009 and 2008 was \$2,397,670 and \$663,734, respectively. If this support does not continue in the future, there might be substantial doubt about the Organization's ability to continue as a going concern. Management believes this support will continue in the future, and if not the support can be replaced from other sources.

NOTE E – SIGNIFICANT ACCOUNTING ESTIMATES

The Organization participates in the Combined Federal Campaign (CFC) in which federal employees are eligible to participate by selecting one or more charitable organizations to receive donations as a payroll deduction from the employee's compensation. The amount of pledges to eventually be collected is an estimate. The Organization estimates shrinkage of approximately 25% from what was pledged to what is eventually collected. Based on the history of the Organization and CFC, management believes this reduction reasonably states the true net value of what it will receive. While it is at least reasonably possible that the estimate will change materially in the near term, no estimate can be made of the range of additional adjustments that is possible.