

Roadrunner Food Bank of New Mexico, Inc.

Financial Statements
and
Independent Auditors' Report

June 30, 2011 and 2010

Roadrunner Food Bank of New Mexico, Inc.

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1-2
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4-5
Statements of Functional Expenses	6-7
Statements of Cash Flows	8-9
Notes to Financial Statements	10-24
Single Audit (OMB Circular A-133)	
Schedule of Expenditures of Federal Awards	25
Notes to Schedule of Expenditures of Federal Awards	26
Independent Auditors' Reports on	
Internal Control Over Financial Reporting and Compliance and Other Matters	27-28
Compliance with Requirements Applicable to the Major Program and Internal Control Over Compliance	29-30
Schedule of Findings and Questioned Costs	31-32
Summary of Schedule of Prior Year Audit Findings	33

Independent Auditors' Report

Board of Directors
Roadrunner Food Bank of New Mexico, Inc.
Albuquerque, New Mexico

We have audited the accompanying statements of financial position of Roadrunner Food Bank of New Mexico, Inc., (RRFB) as of June 30, 2011 and 2010, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of RRFB's management. Our responsibility is to express an opinion on these financial statements based on our audits. The 2008 summarized comparative information has been derived from RRFB's financial statements as of and for the year ended June 30, 2008, and, in our report dated October 22, 2008, we expressed an unqualified opinion on those financial statements.

We conducted our audits in accordance with U.S. generally accepted auditing standards and the standards applicable to the 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 audits 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 our audits provide 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 RRFB as of June 30, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2011, on our consideration of RRFB's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audits were performed for the purpose of forming an opinion on the basic financial statements of RRFB taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, "*Audits of States, Local Governments, and Non-Profit Organizations*," 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 our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

McSully Zahn LLC

October 27, 2011

Financial Statements

Roadrunner Food Bank of New Mexico, Inc.
Statements of Financial Position
June 30,

	2011	2010
Assets		
Current assets		
Cash and cash equivalents	\$ 1,356,448	\$ 1,116,652
Contributions and grants receivable (Note 12)	335,569	524,264
In-kind lease receivable - current (Note 10)	165,287	482,863
Prepaid expenses	58,922	-
Accounts receivable	264,685	274,519
Inventories	3,149,230	2,740,057
Total current assets	5,330,141	5,138,355
Investments (Note 6)	603,174	632,295
Contributions and grants receivable restricted for the capital campaign (Note 12)	335,613	479,713
Other long-term contributions and grants receivable	413,941	378,336
Deposit (Note 10)	550,000	550,000
In-kind lease receivable - long-term (Note 10)	-	165,287
Property, equipment, and furniture, net (Note 13)	2,574,015	2,525,871
Total assets	9,806,884	9,869,857
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	237,143	318,517
Tenant improvement allowance (Note 10)	75,000	75,000
Capital lease obligations - current (Note 14)	27,538	30,753
Deferred revenue	21,293	9,817
Notes payable (Note 8)	123,299	122,834
Total current liabilities	484,273	556,921
Long-term liabilities		
Notes payable (Note 8)	172,101	298,667
Tenant improvement allowance (Note 10)	475,000	550,000
Capital lease obligations (Note 14)	27,857	53,134
Total liabilities	1,159,231	1,458,722
Net assets		
Unrestricted – undesignated	6,693,364	5,934,762
Unrestricted – designated reserve	628,879	598,397
Total unrestricted net assets	7,322,243	6,533,159
Temporarily restricted (Note 4)	1,325,410	1,877,976
Total net assets	8,647,653	8,411,135
Total liabilities and net assets	\$ 9,806,884	\$ 9,869,857

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

Roadrunner Food Bank of New Mexico, Inc.
Statement of Activities
For the Year Ended June 30, 2011
(With summarized financial information for the year ended June 30, 2010)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2011 Totals</u>	<u>2010 Totals</u>
Support and Revenue				
Donated food – non-federal	\$ 28,172,268	\$ -	\$ 28,172,268	\$ 26,648,883
In-kind food – federal	14,195,830	-	14,195,830	7,651,072
Contributions, grants, and contracts	4,591,889	867,644	5,459,533	5,581,044
Food sales	994,325	-	994,325	995,464
Shared maintenance fees	428,845	-	428,845	504,246
Reimbursements	240,111	-	240,111	293,587
Cold storage fees (Note 19)	86,720	-	86,720	64,248
Special events	73,051	-	73,051	71,535
Other income	24,298	-	24,298	29,910
Rental income	15,175	-	15,175	19,523
Agency fees	10,682	-	10,682	9,250
Interest and dividend income	6,614	-	6,614	14,656
Bad debt losses	-	(36,750)	(36,750)	-
Net loss on disposals of equipment and vehicles	(11,352)	-	(11,352)	-
Net assets released from restrictions (Note 7)	1,383,460	(1,383,460)	-	-
Total support and revenue	<u>50,211,916</u>	<u>(552,566)</u>	<u>49,659,350</u>	<u>41,883,418</u>
Expenses				
Program services	47,231,563	-	47,231,563	39,155,795
Supporting services				
Management and general	1,054,311	-	1,054,311	916,720
Fundraising	1,136,958	-	1,136,958	809,486
Total supporting services	<u>2,191,269</u>	<u>-</u>	<u>2,191,269</u>	<u>1,726,206</u>
Total expenses	<u>49,422,832</u>	<u>-</u>	<u>49,422,832</u>	<u>40,882,001</u>
Change in net assets	789,084	(552,566)	236,518	1,001,417
Net assets, beginning of year	<u>6,533,159</u>	<u>1,877,976</u>	<u>8,411,135</u>	<u>7,409,718</u>
Net assets, end of year	<u>\$ 7,322,243</u>	<u>\$ 1,325,410</u>	<u>\$ 8,647,653</u>	<u>\$ 8,411,135</u>

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

Roadrunner Food Bank of New Mexico, Inc.
Statement of Activities
For the Year Ended June 30, 2010
(With summarized financial information for the year ended June 30, 2009)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2010 Totals</u>	<u>2009 Totals</u>
Support and Revenue				
Donated food – non-federal	\$ 26,648,883	\$ -	\$ 26,648,883	\$ 20,081,363
In-kind food – federal	7,651,072	-	7,651,072	2,007,184
Contributions, grants, and contract	4,421,621	1,159,423	5,581,044	6,151,136
Food sales	995,464	-	995,464	848,051
Shared maintenance fees	504,246	-	504,246	477,101
Reimbursements	293,587	-	293,587	167,033
Special events	71,535	-	71,535	192,481
Cold storage fees (Note 19)	64,248	-	64,248	-
Other income	29,910	-	29,910	67,131
Rental income	19,523	-	19,523	-
Agency fees	9,250	-	9,250	9,797
Interest and dividend income	14,656	-	14,656	19,453
Gain on sale of building and disposal of equipment	-	-	-	913,610
Net assets released from restrictions (Note 7)	<u>1,326,962</u>	<u>(1,326,962)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>42,050,957</u>	<u>(167,539)</u>	<u>41,883,418</u>	<u>30,934,340</u>
Expenses				
Program services	39,155,795	-	39,155,795	26,055,187
Supporting services				
Management and general	916,720	-	916,720	715,993
Fundraising	809,486	-	809,486	790,547
Total supporting services	<u>1,726,206</u>	<u>-</u>	<u>1,726,206</u>	<u>1,506,540</u>
Total expenses	<u>40,882,001</u>	<u>-</u>	<u>40,882,001</u>	<u>27,561,727</u>
Change in net assets	1,168,956	(167,539)	1,001,417	3,372,613
Net assets, beginning of year	<u>5,364,203</u>	<u>2,045,515</u>	<u>7,409,718</u>	<u>4,037,105</u>
Net assets, end of year	<u><u>\$ 6,533,159</u></u>	<u><u>\$ 1,877,976</u></u>	<u><u>\$ 8,411,135</u></u>	<u><u>\$ 7,409,718</u></u>

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

Roadrunner Food Bank of New Mexico, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2011
(With summarized financial information for the year ended June 30, 2010)

	<u>Program Services</u>	<u>Management & General</u>	<u>Fundraising</u>	<u>2011 Totals</u>	<u>2010 Totals</u>
Food related expenses -					
in-kind	\$ 41,889,361	\$ -	\$ -	\$ 41,889,361	\$ 33,531,718
Salaries and wages	1,398,302	505,443	322,284	2,226,029	2,178,323
Cost of items distributed	1,157,574	-	-	1,157,574	1,241,258
Building lease (Note 10)	326,634	166,070	19,796	512,500	475,000
Building lease - in-kind (Note 10)	375,000	25,000	100,000	500,000	500,000
Depreciation	368,781	48,624	15,105	432,510	367,875
Employee benefits (Note 5)	207,218	75,651	46,048	328,917	261,819
Direct mail services	-	-	298,956	298,956	242,009
Vehicles - operating expenses	257,980	-	-	257,980	169,938
Utilities and telephone	178,165	47,511	11,878	237,554	229,727
Payroll taxes	108,921	39,764	24,204	172,889	167,974
Advertising and promotion -					
in-kind	92,800	-	60,600	153,400	154,229
Repairs and maintenance	151,376	758	-	152,134	137,867
Freight - food related	119,043	-	-	119,043	168,975
Computer supplies	60,714	30,662	13,492	104,868	110,443
Property taxes	69,941	18,651	4,663	93,255	93,165
Cluster and Feeding America fees	93,227	-	-	93,227	113,500
Capital campaign					
professional services	-	-	82,404	82,404	28,856
Fundraising	-	-	77,025	77,025	18,709
Waste removal	76,010	-	-	76,010	41,135
Warehouse supplies	66,173	-	-	66,173	104,329
Conferences and travel	59,728	1,485	-	61,213	39,950
Insurance	30,077	12,325	6,684	49,086	34,303
Miscellaneous	22,425	20,156	-	42,581	35,763
Professional services	-	21,389	15,290	36,679	77,548
Interest and bank fees	7,034	26,586	-	33,620	41,462
Special events	-	-	29,867	29,867	30,601
Contract labor	29,488	-	-	29,488	46,321
Equipment rental	18,642	5,535	3,366	27,543	77,545
Postage and printing	14,474	5,284	3,216	22,974	21,844
Storage	20,065	-	-	20,065	51,181
Office supplies	9,359	3,417	2,080	14,856	23,859
Professional services - in-kind	9,820	-	-	9,820	16,315
Warehouse supplies - in-kind	6,879	-	-	6,879	23,836
Newsletter	6,352	-	-	6,352	24,624
Total expenses	<u>\$ 47,231,563</u>	<u>\$ 1,054,311</u>	<u>\$ 1,136,958</u>	<u>\$ 49,422,832</u>	<u>\$ 40,882,001</u>

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

Roadrunner Food Bank of New Mexico, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2010
(With summarized financial information for the year ended June 30, 2009)

	Program Services	Management & General	Fundraising	2010 Totals	2009 Totals
Food related expenses -					
in-kind	\$ 33,531,718	\$ -	\$ -	\$ 33,531,718	\$ 21,476,094
Salaries and wages	1,466,709	459,615	251,999	2,178,323	1,889,574
Cost of items distributed	1,241,258	-	-	1,241,258	1,270,113
Building lease - in-kind (Note 10)	425,000	50,000	25,000	500,000	333,333
Building lease (Note 10)	403,750	47,500	23,750	475,000	316,667
Depreciation	326,081	27,863	13,931	367,875	202,474
Employee benefits (Note 5)	175,419	54,982	31,418	261,819	215,706
Direct mail services	-	-	242,009	242,009	221,544
Utilities and telephone	195,268	22,973	11,486	229,727	136,752
Vehicles - operating expenses	169,938	-	-	169,938	123,539
Freight - food related	168,975	-	-	168,975	153,534
Payroll taxes	112,542	35,275	20,157	167,974	140,720
Advertising and promotion -					
in-kind	87,320	3,030	63,879	154,229	149,731
Repairs and maintenance	122,495	12,113	3,259	137,867	81,754
Cluster and Feeding America fees	113,500	-	-	113,500	93,246
Computer supplies	65,441	33,281	11,721	110,443	59,292
Warehouse supplies	104,329	-	-	104,329	41,024
Property taxes	79,190	9,317	4,658	93,165	22,138
Professional services	250	77,298	-	77,548	36,815
Equipment rental	65,040	9,886	2,619	77,545	71,114
Storage	51,181	-	-	51,181	50,831
Contract labor	32,461	6,930	6,930	46,321	27,694
Interest and bank fees	20,441	21,021	-	41,462	41,649
Waste removal	41,135	-	-	41,135	26,792
Conferences and travel	30,614	9,336	-	39,950	22,650
Miscellaneous	17,152	8,855	9,756	35,763	60,952
Insurance	22,312	7,995	3,996	34,303	34,355
Special events	-	-	30,601	30,601	27,949
Capital campaign					
professional services	-	-	28,856	28,856	86,139
Newsletter	24,624	-	-	24,624	28,646
Office supplies	15,270	5,726	2,863	23,859	39,832
Warehouse supplies - in-kind	23,836	-	-	23,836	1,406
Postage and printing	10,546	9,409	1,889	21,844	32,347
Fundraising	-	-	18,709	18,709	27,121
Professional services - in-kind	12,000	4,315	-	16,315	3,337
Moving and relocation	-	-	-	-	14,863
Total expenses	<u>\$ 39,155,795</u>	<u>\$ 916,720</u>	<u>\$ 809,486</u>	<u>\$ 40,882,001</u>	<u>\$ 27,561,727</u>

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

Roadrunner Food Bank of New Mexico, Inc.
Statements of Cash Flows
For the Years Ended June 30,

	2011	2010
Cash flows from operating activities		
Cash received from contributions, grants, contracts, reimbursements, and special events	\$ 5,096,424	\$ 4,483,742
Cash received from shared maintenance fees, food sales, and agency fees	1,541,882	1,415,030
Other cash receipts	46,850	50,563
Interest and dividends received	1,735	13,032
Cash paid to employees and suppliers	(6,678,358)	(6,579,952)
Interest paid	(9,413)	(16,346)
Net cash used in operating activities	(880)	(633,931)
Cash flows from investing activities		
Proceeds from sales and maturities of investments	558,507	325,140
Proceeds from disposals of vehicle	26,000	-
Purchases of investments	(500,000)	(432,672)
Purchases of property and equipment	(303,493)	(759,872)
Net cash used in investing activities	(218,986)	(867,404)
Cash flows from financing activities		
Principal payments on notes payable	(126,101)	(43,138)
Cash received from note payable origination	-	296,993
Principal payments on capital lease obligations	(28,492)	(20,811)
Cash contributions restricted for capital campaign	614,255	409,605
Net cash provided by financing activities	459,662	642,649
Net increase (decrease) in cash and cash equivalents	239,796	(858,686)
Cash and cash equivalents, beginning of year	1,116,652	1,975,338
Cash and cash equivalents, end of year	\$ 1,356,448	\$ 1,116,652

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

Roadrunner Food Bank of New Mexico, Inc.
Statements of Cash Flows — continued
For the Years Ended June 30,

Reconciliation of change in net assets to net cash (used in) provided by operating activities

Change in net assets	<u>\$ 236,518</u>	<u>\$ 1,001,417</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	432,510	367,875
Net loss on disposals of fixed assets	11,352	-
Contributions restricted for capital campaign	(201,500)	(1,005,518)
Noncash contributions	(246,397)	(99,633)
Other noncash adjustments	22,111	(494)
Net noncash adjustment for donated inventory	(478,736)	(768,237)
In-kind lease expense	500,000	500,000
Changes in assets and liabilities		
Accounts receivable	9,834	(158,385)
Contributions and grants receivable	(152,315)	(158,989)
Inventories	69,563	(35,081)
Prepaid expenses	(58,922)	-
Accounts payable	(30,968)	(242,339)
Tenant improvement allowance	(75,000)	(75,000)
Accrued liabilities	(50,406)	40,246
Deferred revenue	11,476	207
Total adjustments	<u>(237,398)</u>	<u>(1,635,348)</u>
Net cash used in operating activities	<u>\$ (880)</u>	<u>\$ (633,931)</u>

Noncash Investing and Financing Activities

The following noncash investing and financing activities occurred during the years ended June 30:

	<u>2011</u>	<u>2010</u>
Donated equipment, furniture, leasehold improvements, and investments	\$ 246,397	\$ 63,593
Financed equipment purchases	-	50,358

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

Roadrunner Food Bank of New Mexico, Inc.
Notes to Financial Statements
June 30, 2011 and 2010

1) The Organization

Roadrunner Food Bank of New Mexico, Inc., (RRFB) is a New Mexico nonprofit corporation established in 1980. RRFB distributes food through a network of agencies, including emergency food pantries, group homes, low-income day care centers, shelters, soup kitchens, and other regional food banks. Food donated to RRFB comes from a variety of sources including national and local manufacturers, supermarkets, large food distributors, growers, food brokers, food drives, and the State of New Mexico Human Services Department (NMHSD). Food inventory is also purchased by RRFB. The food received from the NMHSD is pass-through food from the U.S. Department of Agriculture (USDA). This food is received through a contract with the New Mexico Association of Food Banks (the "Association") who contracts with RRFB to distribute the food. The Association is a five-member collaborative organization, of which RRFB is one of the members, that coordinates statewide food bank activities such as food solicitation and distribution, fundraising, education, advocacy, and research. RRFB provides in-kind services and use of its building for the operations of the Association.

RRFB is an affiliate of Feeding America. RRFB sponsors direct-service programs, including the State-wide Fresh Produce Food Initiative, senior assistance, low-income housing services, Senior Helpings, and Food for Kids. RRFB's main sources of revenue and support are donated food, in-kind food from the NMHSD, food sales, contributions and grants, and shared maintenance fees, which are fees paid by participating agencies for the handling of food by RRFB.

In December 2009, Roadrunner Cold Storage, LLC, ("RRCS") was formed. RRFB is the sole member of RRCS. RRCS was formed to provide cold storage services for entities that generally are not hunger-related. The income from the cold storage services provided to non-hunger related entities is unrelated to the mission of RRFB and reported as unrelated business activity. Since RRCS is a single-member limited liability company, it is a disregarded entity for income tax purposes. The financial activity of RRCS is included in the accompanying financial statements and tax return of RRFB with all intercompany balances eliminated. RRCS uses the facilities of RRFB and reimburses RRFB for these costs.

Roadrunner Food Bank of New Mexico, Inc.
Notes to Financial Statements
June 30, 2011 and 2010

2) Summary of Significant Accounting Policies

Income Taxes

RRFB is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, and has been classified by the Internal Revenue Service as an organization that is not a private foundation. RRSC is not exempt from income taxes and is a disregarded entity for income purposes. The net income or loss of the activities of RRCS are reported as unrelated business income on the tax return of RRFB with the appropriate filings made.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Advertising costs

Advertising costs are expensed as incurred.

Support

RRFB reports contributions 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, restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

Functional Allocation of Expenses

Expenses are charged directly to program and supporting services based on specific identification. Costs benefiting more than one service are allocated based on measures such as management's estimates of time spent, square footage, etc.

Cash and Cash Equivalents

For purposes of the statement of cash flows, RRFB considers all unrestricted highly-liquid investments with an initial maturity of three months or less to be cash equivalents.

Reclassifications

Certain reclassifications were made to the financial statements for the year ended June 30, 2010, in order to conform to the presentation of the financial statements for the year ended June 30, 2011. These reclassifications had no effect on total assets, total liabilities, total net assets, or change in net assets for the year ended June 30, 2010.

Roadrunner Food Bank of New Mexico, Inc.
Notes to Financial Statements
June 30, 2011 and 2010

2) Summary of Significant Accounting Policies — continued

Accounts Receivable

Accounts receivable are stated at unpaid balances less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by identifying past-due accounts and by using historical experience applied to an aging of accounts receivable. No allowance for doubtful accounts was determined necessary by management as of June 30, 2011 and 2010. RRFB charges off uncollectible accounts receivable when it is determined the receivable will not be collected.

Property and Equipment

Property and equipment are stated at cost. Property and equipment that are received by donation are recorded at the estimated fair value on the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the RRFB reports the expiration of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. RRFB reclassifies restricted net assets to unrestricted net assets at that time. Purchased or donated property and equipment in excess of \$1,000 is capitalized. Depreciation is calculated on a straight-line basis in amounts sufficient to relate the cost of depreciable assets to operations over their estimated useful lives, which range from five to forty years.

Inventories

Inventories consist generally of donated food, purchased food, and food received through a contract with the Association. Inventories are valued at lower of cost or market, with cost for purchased food determined using the first-in first-out method, and cost for donated food determined using the fair value on the date of donation. For the years ended June 30, 2011 and 2010, donated inventories, including food received from the USDA, were valued at \$1.66 and \$1.60 per pound, respectively, which is the fair value provided by Feeding America.

Roadrunner Food Bank of New Mexico, Inc.
Notes to Financial Statements
June 30, 2011 and 2010

2) Summary of Significant Accounting Policies — continued

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the statement of financial position. Investment income or loss (including gains and losses on investments, interest, and dividends) is included in the statement of activities as increases or decreases in unrestricted net assets unless the income or loss is restricted by donor or law.

Donated Services, Equipment, and Materials

RRFB recognizes contributed services if the services create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would need to be purchased if not provided by donation. Recognized contributed services, equipment, and materials are recorded at the fair value on the date of donation. In addition to donated food and donated lease expense (Note 10), the following donated services, equipment, and materials were received and recorded during the years ended June 30:

	<u>2011</u>	<u>2010</u>
Program		
Leasehold improvements, equipment, furniture, and vehicles	\$ 223,609	\$ 33,051
Advertising and promotional services	97,464	87,320
Construction and professional services	9,820	12,000
Materials and supplies	<u>6,879</u>	<u>28,590</u>
Total program	<u>337,772</u>	<u>160,961</u>
Fundraising		
Advertising and promotional services	55,936	63,193
Materials and supplies	<u>-</u>	<u>1,067</u>
Total fundraising	<u>55,936</u>	<u>64,260</u>
Management and general		
Equipment and supplies	2,975	1,800
Professional services	<u>-</u>	<u>4,314</u>
Total management and general	<u>2,975</u>	<u>6,114</u>
Total donated services, equipment, and materials	<u>\$ 396,683</u>	<u>\$ 231,335</u>

Roadrunner Food Bank of New Mexico, Inc.
Notes to Financial Statements
June 30, 2011 and 2010

3) Concentrations

A portion of RRFB's cash and cash equivalent balances held in financial institutions and a brokerage firm are insured by the Federal Deposit Insurance Corporation (FDIC). Noninterest-bearing accounts are fully insured by the FDIC from December 31, 2010 to December 31, 2012. Interest-bearing accounts are insured up to \$250,000. A portion of RRFB's interest-bearing cash and cash equivalents accounts exceeded the FDIC insured limits during the years ended June 30, 2011 and 2010. RRFB has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk.

4) Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following as of June 30:

	<u>2011</u>	<u>2010</u>
Unrestricted contributions receivable	\$ 570,006	521,861
Capital campaign	335,613	479,713
In-kind lease receivable (Note 10)	165,287	648,150
Food for vulnerable populations	139,504	94,892
Senior Helpings	75,000	-
Food drives	20,000	-
Truck banners	20,000	-
Mobile pantry	-	118,418
Food sourcing personnel	-	14,942
Total temporarily restricted net assets	<u>\$ 1,325,410</u>	<u>\$ 1,877,976</u>

5) Retirement Plan

On July 1, 2005, RRFB established a 403(b) Thrift Retirement Plan. The plan provides an employer matching contribution for participating employees who are at least twenty-one years old and have completed a minimum of one year of service. Employees who normally work less than twenty hours per week are not eligible for employer matching contributions. RRFB's employer match equals the lesser of the employee's contributions to the plan or 2% of the employee's compensation for the plan year. Expense related to this plan was \$14,305 and \$12,601 for the years ended June 30, 2011 and 2010, respectively.

Roadrunner Food Bank of New Mexico, Inc.
Notes to Financial Statements
June 30, 2011 and 2010

6) Investments

It is the policy of RRFB to sell donated stocks or other investments as soon as feasibly possible. The cost, fair value, and unrealized appreciation (depreciation) of investments are as follows as of June 30:

	<u>2011</u>		
	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Certificates of deposit	\$ 603,174	\$ 603,174	\$ -
	<u>2010</u>		
	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Certificates of deposit	\$ 631,993	\$ 632,295	\$ 302

7) Net Assets Released from Restrictions

As noted in Note 2, RRFB reports donor-restricted contributions whose restrictions are met in the same reporting period as unrestricted support. Net assets released from restrictions for donor-restricted contributions whose restrictions were not met in the same reporting period consist of the following for the years ended June 30:

	<u>2011</u>	<u>2010</u>
In-kind lease expense	\$ 500,000	\$ 500,000
Capital campaign	477,463	154,704
Receipt of payments on unrestricted contributions receivable	177,745	58,300
Mobile pantry	118,418	-
Food for vulnerable populations	94,892	147,750
Food sourcing personnel	14,942	41,308
Senior Helpings	-	150,000
Program-related expenses	-	207,339
Tractor	-	40,000
Other	-	27,561
Total net assets released from restrictions	\$ 1,383,460	\$ 1,326,962

Roadrunner Food Bank of New Mexico, Inc.
Notes to Financial Statements
June 30, 2011 and 2010

8) Notes Payable

Notes payable consist of the following as of June 30:

	2011	2010
Note payable to Feeding America, at least 25% of the principal amount plus interest to be paid annually, interest ranges from 0% to 4% over the term of the note, collateralized by vehicles.	\$ 222,745	\$ 296,993
Note payable to bank, payable in 60 monthly principal and interest payments of \$3,588, interest at 6.75%, collateralized by vehicles, final payment due October 2012	54,597	95,409
Note payable to bank, payable in 60 monthly principal and interest payments of \$585, interest at 6.5%, collateralized by substantially all assets of RRFB except the tenant improvements and deposit, final payment due May 2014	18,058	24,125
Note payable to bank, payable in 60 monthly principal and interest payments of \$573, interest at 6.75%, collateralized by a vehicle, final payment due March 2011	-	4,974
Total notes payable	295,400	421,501
Less current portion	(123,299)	(122,834)
Notes payable – long-term	\$ 172,101	\$ 298,667

Future maturities of notes payable are as follows as of June 30, 2011:

<u>Year ended June 30</u>	
2012	\$ 123,299
2013	92,185
2014	79,916
Total	\$ 295,400

Roadrunner Food Bank of New Mexico, Inc.
Notes to Financial Statements
June 30, 2011 and 2010

9) Line of Credit

RRFB also entered into a one-year \$750,000 line of credit agreement in September 2008. The line of credit included an initial 5.75% interest rate and matured in September 2009. No amounts were drawn from this line of credit during its term.

10) Lease

In September 2008, RRFB entered into a building lease agreement for a new location for its operations. The lease is a ten-year lease commencing in November 2008 with an option to extend for two additional years. The lease requires annual lease payments of \$1,050,000. The lease required RRFB to provide the landlord with an irrevocable letter of credit in the amount of \$550,000 to be held by the landlord as security for RRFB's performance of the obligations as stated in the lease. RRFB obtained this letter of credit in September 2008. The letter of credit was converted into cash at the time of the closing of the sale of RRFB's previous building which occurred in May 2009. This cash serves as a deposit which will be applied to the purchase price if RRFB elects to purchase the building. During the first 36 months of the lease, RRFB has the option to purchase the building for \$13 million plus the landlord's out-of-pocket costs for capital improvements in excess of the tenant improvement allowance of \$750,000 provided in the lease. As of June 30, 2011, RRFB had been in discussions with various financial institutions and the landlord to negotiate the sale of the building to RRFB. RRFB intends to purchase the building by November 30, 2011. Terms of the purchase have not been finalized as of October 27, 2011. The landlord is also providing a monthly in-kind lease contribution of approximately \$42,000 per month during the first 36 months of the lease. The in-kind lease receivable is as follows as of June 30:

	<u>2011</u>	<u>2010</u>
Receivable in less than one year	\$ 166,667	\$ 500,000
Receivable in one to five years	<u>-</u>	<u>166,667</u>
Total in-kind lease receivable	166,667	666,667
Less unamortized discount	<u>(1,380)</u>	<u>(18,517)</u>
Net in-kind lease receivable	<u>\$ 165,287</u>	<u>\$ 648,150</u>

Roadrunner Food Bank of New Mexico, Inc.
Notes to Financial Statements
June 30, 2011 and 2010

10) Lease — continued

The tenant improvement allowance provided in the lease is not to exceed \$750,000. RRFB received the full \$750,000 tenant improvement allowance from the landlord during the year ended June 30, 2009, to offset costs RRFB incurred in renovating the new building. Under U.S. generally accepted accounting principles, the tenant improvement allowance is considered a reduction of lease expense over the term of the lease. During the years ended June 30, 2011 and 2010, \$75,000 of the tenant improvement allowance were used to reduce lease expense each year.

The future minimum cash and in-kind lease commitments and tenant improvement allowance related to this lease are as follows as of June 30, 2011:

<u>Year ending June 30</u>	<u>Cash</u>	<u>In-Kind</u>	<u>Allowance</u>
2012	\$ 1,050,000	\$ 166,667	\$ 75,000
2013	1,050,000	-	75,000
2014	1,050,000	-	75,000
2015	1,050,000	-	75,000
2016	1,050,000	-	75,000
Thereafter	<u>2,450,000</u>	<u>-</u>	<u>175,000</u>
Total	<u>\$ 7,700,000</u>	<u>\$ 166,667</u>	<u>\$ 550,000</u>

11) **Deposit**

The deposit relates to a purchase option on a building which is being leased as of June 30, 2011 and 2010 (Note 10).

Roadrunner Food Bank of New Mexico, Inc.
Notes to Financial Statements
June 30, 2011 and 2010

12) Contributions and Grants Receivable

Contributions and grants receivable are as follows as of June 30:

	<u>2011</u>	<u>2010</u>
Receivable in less than one year	\$ 467,487	\$ 845,478
Less receivables restricted for capital campaign	<u>(131,918)</u>	<u>(321,214)</u>
Unrestricted receivables due in less than one year	<u>\$ 335,569</u>	<u>\$ 524,264</u>
Receivable in one to five years	617,636	536,835
Less receivables restricted for capital campaign	<u>(203,695)</u>	<u>(158,499)</u>
Unrestricted receivables due in one to five years	<u>\$ 413,941</u>	<u>\$ 378,336</u>
Total receivables restricted for capital campaign	<u>\$ 335,613</u>	<u>\$ 479,713</u>

13) Property, Equipment, and Furniture

Property, equipment, and furniture consist of the following as of June 30:

	<u>2011</u>	<u>2010</u>
Tenant improvements	\$ 1,843,179	\$ 1,529,834
Vehicles	1,169,388	1,154,876
Warehouse equipment	458,623	316,989
Office equipment	<u>376,742</u>	<u>366,945</u>
Total property, equipment, and furniture	3,847,932	3,368,644
Less accumulated depreciation	<u>(1,273,917)</u>	<u>(842,773)</u>
Net property, equipment, and furniture	<u>\$ 2,574,015</u>	<u>\$ 2,525,871</u>

Roadrunner Food Bank of New Mexico, Inc.
Notes to Financial Statements
June 30, 2011 and 2010

14) Capital Lease Obligations

RRFB entered into a capital lease obligation in April 2009 for a network server. The asset cost was \$57,011 and accumulated depreciation as of June 30, 2011 and 2010, was \$42,758, and \$23,755, respectively. Depreciation expense related to this asset was \$19,004 for the years ended June 30, 2011 and 2010. The lease is a three-year lease with monthly lease payments of \$1,885.

RRFB also entered into a capital lease obligation in February 2010 for warehouse equipment. This lease is a 60-month lease requiring monthly payments of \$962. The asset cost was \$50,358 and accumulated depreciation as of June 30, 2011 and 2010, was \$14,268, and \$4,196, respectively. Depreciation expense related to this warehouse equipment was \$10,072 and \$4,197 for the years ended June 30, 2011 and 2010, respectively.

Future minimum lease payments under these lease obligations, together with the present value of the net minimum lease payments, are as follows:

<u>Year ending June 30</u>	
2012	\$ 30,396
2013	11,543
2014	11,543
2015	<u>6,983</u>
Total future minimum lease payments	60,465
Less amounts representing interest	<u>(5,070)</u>
Present value of future minimum lease payments	55,395
Current portion	<u>(27,538)</u>
Long-term portion	<u>\$ 27,857</u>

Interest expense related to these capital lease obligations was \$5,794 and \$4,317 for the years ended June 30, 2011 and 2010, respectively.

Roadrunner Food Bank of New Mexico, Inc.
Notes to Financial Statements
June 30, 2011 and 2010

15) Subsequent Events

Subsequent events have been evaluated through October 27, 2011, which is the date the financial statements were available to be issued.

16) Fair Value Measurements

The fair value framework provides a 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 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 Inputs – unadjusted quoted prices for identical assets or liabilities in active markets that the organization has the ability to access.

Level 2 Inputs – include:

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

Level 3 Inputs – unobservable inputs which reflect the organization's own assumptions about the assumptions market participants would use in pricing the asset or liability.

Roadrunner Food Bank of New Mexico, Inc.
Notes to Financial Statements
June 30, 2011 and 2010

16) Fair Value Measurements — continued

The following table summarizes the assets of RRFB measured at fair value on a recurring basis as of June 30:

	<u>Fair Value Measurements at Reporting Date Using</u>			
	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
<u>2011</u>				
Certificates of deposit	\$ 603,174	\$ 603,174	\$ -	\$ -
In-kind lease receivable	165,287	-	-	165,287
<u>2010</u>				
Certificates of deposit	632,295	632,295	-	-
In-kind lease receivable	648,150	-	-	648,150

The fair value of the in-kind lease receivable was determined by calculating the present value of future in-kind lease expense using a discount rate of 4%.

A reconciliation of beginning and ending balances of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) is as follows for the years ended June 30:

	<u>2011</u>	<u>2010</u>
Balance, July 1	\$ 648,150	\$ 1,112,110
In-kind lease expense	(500,000)	(500,000)
Amortization of discounts on long-term in-kind lease receivable	<u>17,137</u>	<u>36,040</u>
Balance, June 30	<u>\$ 165,287</u>	<u>\$ 648,150</u>

Roadrunner Food Bank of New Mexico, Inc.
Notes to Financial Statements
June 30, 2011 and 2010

17) FIN 48 – Accounting for Uncertainty in Income Taxes

The Financial Accounting and Standards Board (FASB) issued FASB ASC 740-10 (formerly FASB FIN 48), *Accounting for Uncertainty in Income Taxes*, which provides guidance on how to measure and account for various tax positions. RRFB determined no material unrecognized tax benefits or liabilities exist as of June 30, 2011 and 2010. If applicable, RRFB will recognize interest and penalties related to underpayment of income taxes as income tax expense. As of June 30, 2011 and 2010, RRFB had no amounts related to unrecognized income tax benefits and no amounts related to accrued interest and penalties. RRFB does not anticipate any significant changes to unrecognized tax benefits over the next year.

Management of RRFB believes its activities allow it to continue to be classified as an organization exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and believes the only activity subject to unrelated business income tax is the cold storage services provided to non-hunger related entities. RRFB files federal Form 990, *Return of Organization Exempt from Income Tax*, and Form 990-T, *Exempt Organization Business Income Tax Return*, with the Internal Revenue Service and copies of Form 990 with states in which RRFB is registered, as required. The statute of limitations for examination of RRFB's returns expires three years from the due date of the return or the date filed, whichever is later. RRFB's returns for the years ended June 30, 2007 through 2010, are still open for examination and management anticipates the statute of limitations for the return for the year ended June 30, 2011, will expire in November 2014.

18) In-Kind Contributions Provided to the Association

The estimated fair value in-kind services and building use provide by RRFB to the Association meeting the recognition requirements of U.S. generally accepted accounting principles was approximately \$510,000 and \$462,000, for the years ended June 30, 2011 and 2010, respectively. RRFB also provided additional in-kind services which did not meet the recognition requirements of U.S. generally accepted accounting principles; the estimated fair value of these services were \$256,000 and \$225,000 for the years ended June 30, 2011 and 2010, respectively. The in-kind contributions provided to the Association by RRFB have no financial impact on the financial statements of RRFB.

Roadrunner Food Bank of New Mexico, Inc.
Notes to Financial Statements
June 30, 2011 and 2010

19) Roadrunner Cold Storage, LLC

The revenue and expenses of RRCS are as follows for the years ended June 30:

	<u>2011</u>	<u>2010</u>
Revenues		
Storage, handling, and transportation fees	\$ 86,720	\$ 64,248
Expenses		
Salaries and wages	34,963	-
Occupancy	31,299	17,696
Repair and maintenance	20,348	6,703
Professional services and contract labor	12,037	34,839
Insurance	7,661	967
Taxes and interest	5,363	1,491
Other	1,790	-
	<u>113,461</u>	<u>61,696</u>
Excess of revenues over expenses	<u>\$ (26,741)</u>	<u>\$ 2,552</u>

Reimbursements by RRCS to RRFB for use of RRFB's building, equipment, and payments made by RRFB on behalf of RRCS for professional services and contract labor, totaled \$54,624 and 51,701, for the years ended June 30, 2011 and 2010, respectively.

20) Capital Campaign – Amounts Due to Operating

The operating account of RRFB paid for some capital campaign costs related to the relocation to the new facility. As of June 30, 2011 and 2010, the capital campaign accounts owed the operating account \$378,881 and \$516,324, respectively, for these costs.

Schedule of Expenditures of Federal Awards

Roadrunner Food Bank of New Mexico, Inc.
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2011

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass-through Number</u>	<u>Federal Expenditures</u>
U.S. Department of Agriculture			
Pass-through from New Mexico Human Services Department – Emergency Food Assistance Program (Food – Note 2)	10.569	08-630-9000-0009	\$ 11,548,032
Pass-through from New Mexico Human Services Department – Emergency Food Assistance Program - American Recovery and Reinvestment Act of 2009 (ARRA) (Food - Note 2)	10.569	08-630-9000-0009	1,956,787
Pass-through from New Mexico Human Services Department – Emergency Food Assistance Program - American Recovery and Reinvestment Act of 2009	10.568	08-630-9000-0009	120,881
Pass-through from New Mexico Human Services Department – Emergency Food Assistance Program	10.568	08-630-9000-0009	<u>142,059</u>
		Total federal awards	<u>\$ 13,767,759</u>

Roadrunner Food Bank of New Mexico, Inc.
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2011

1) Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of RRFB and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in the schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

2) Food

Nonmonetary assistance is reported in the schedule at the estimated fair value using \$1.66 per pound. At June 30, 2011, RRFB had the following inventory on-hand from the State of New Mexico Human Services Department:

Emergency Food Assistance Program	\$ 589,283
Emergency Food Assistance Program - ARRA funding	<u>183,158</u>
Total	<u><u>\$ 772,441</u></u>

3) Reconciliation of Schedule of Expenditures of Federal Awards to the Financial Statements

The following is a reconciliation of the expenditures reported on the schedule of expenditures of federal awards to the expenditures reported in the financial statements:

Expenditures according to the schedule of expenditures of federal awards	\$ 13,767,759
Expenditures paid by other sources	<u>27,114,242</u>
Expenditures on the financial statements	<u><u>\$ 40,882,001</u></u>

Independent Auditors' Report on Internal Control
Over Financial Reporting and on Compliance
and Other Matters

Board of Directors
Roadrunner Food Bank of New Mexico, Inc.
Albuquerque, New Mexico

We have audited the financial statements of The Roadrunner Food Bank of New Mexico, Inc., (RRFB) as of and for the year ended June 30, 2011, and have issued our report thereon dated October 27, 2011. We conducted our audit in accordance with U.S. generally accepted auditing standards 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 RRFB'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 RRFB's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of RRFB's internal control over financial reporting.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the organization's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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

As part of obtaining reasonable assurance about whether RRFB's financial statements are free of material misstatement, we performed tests on its compliance with certain provisions of laws, regulations, contracts, and grants, 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 that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Directors, RRFB's management, and governmental awarding agencies, and is not intended to be and should not be used by anyone other than these specified parties.

McSully Zahn LLC

October 27, 2011

Independent Auditors' Report on Compliance
With Requirements Applicable to the Major
Program and Internal Control Over Compliance

Board of Directors
Roadrunner Food Bank of New Mexico, Inc.
Albuquerque, New Mexico

Compliance

We have audited the compliance of Roadrunner Food Bank of New Mexico, Inc., (RRFB) 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 its major federal program for the year ended June 30, 2011. RRFB's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of RRFB's management. Our responsibility is to express an opinion on RRFB's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; 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 the major federal program occurred. An audit includes examining, on a test basis, evidence about RRFB'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 on RRFB's compliance with those requirements.

In our opinion, RRFB complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2011.

Internal Control Over Compliance

RRFB's management is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered RRFB's internal control over compliance with requirements that could have a direct and material effect on its 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 RRFB's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance 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 deficiencies, significant deficiencies, or material weaknesses in internal control over compliance. 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 the Board of Directors, RRFB's management, and federal awarding agencies, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "McNulty Zahn LLC". The signature is written in a cursive, flowing style.

October 27, 2011

Roadrunner Food Bank of New Mexico, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2011

Section I — Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unqualified
Internal control over financial reporting: Material weakness identified?	No
Reportable conditions identified not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs: Material weakness identified?	No
Reportable conditions identified not considered to be material weaknesses?	No
Type of auditors' report issued on compliance for the major program:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	No

Roadrunner Food Bank of New Mexico, Inc.
Schedule of Findings and Questioned Costs — continued
For the Year Ended June 30, 2011

Section I — Summary of Auditors' Results — continued

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
10.569	U.S. Department of Agriculture – Emergency Assistance Food Program

Dollar threshold used to distinguish
between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? Yes

Section II — Financial Statement Findings

None

Section III — Federal Award Findings and Questioned Costs

None

Roadrunner Food Bank of New Mexico, Inc.
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2011

There were no prior year audit findings.