

OPERATION FOOD SEARCH, INC.

FINANCIAL STATEMENTS

SEPTEMBER 30, 2017 AND 2016

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Operation Food Search, Inc.

We have audited the accompanying financial statements of Operation Food Search, Inc. (a not-for-profit organization), which comprise the statements of financial position as of September 30, 2017 and 2016, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Operation Food Search, Inc. as of September 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

January 5, 2018

SFW Partners, LLC

SFW Partners, LLC

OPERATION FOOD SEARCH, INC.

STATEMENTS OF FINANCIAL POSITION

As of September 30, 2017 and 2016

ASSETS

	2017	2016
Current assets:		
Cash and cash equivalents	\$ 967,417	\$ 863,093
Investments	615,718	585,900
Accounts receivable	6,950	2,265
Unconditional promises to give	296,833	562,284
Grants receivable	120,366	6,750
Undistributed food and household items	1,036,000	661,000
Prepaid expenses	56,593	11,057
Total current assets	3,099,877	2,692,349
Property and equipment, net of accumulated depreciation	5,409,902	5,119,247
Unconditional promises to give, net of discounts	437,412	580,721
	\$ 8,947,191	\$ 8,392,317

LIABILITIES AND NET ASSETS

Current liabilities:		
Accrued expenses	\$ 319,500	\$ 671,913
Long-term debt	-	434,117
Net assets:		
Unrestricted:		
Operating	1,807,453	1,153,678
Property and equipment	5,409,902	5,119,247
Undistributed food and household items	1,036,000	661,000
Total unrestricted net assets	8,253,355	6,933,925
Temporarily restricted:		
Cash and cash equivalents	274,336	352,362
Unconditional promises to give	100,000	-
Total temporarily restricted net assets	374,336	352,362
Total net assets	8,627,691	7,286,287
	\$ 8,947,191	\$ 8,392,317

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

OPERATION FOOD SEARCH, INC.

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Years Ended September 30, 2017 and 2016**

	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Support and other revenue:						
Support:						
Cash contributions	\$ 2,821,690	\$ 341,224	\$ 3,162,914	\$ 5,278,490	\$ 303,862	\$ 5,582,352
State support	231,486	-	231,486	632,043	-	632,043
Grant revenue	344,542	33,112	377,654	46,526	48,500	95,026
Special events (net of \$29,671 and \$15,844 of expenses in 2017 and 2016, respectively)	235,876	-	235,876	97,699	-	97,699
Investment contributions	140,453	-	140,453	59,321	-	59,321
Subtotal	3,774,047	374,336	4,148,383	6,114,079	352,362	6,466,441
Other non-cash contributions	30,699,784	-	30,699,784	28,499,026	-	28,499,026
Total support	34,473,831	374,336	34,848,167	34,613,105	352,362	34,965,467
Other revenue (loss):						
Rental income	106,200	-	106,200	12,292	-	12,292
Other income	93,280	-	93,280	62,904	-	62,904
Investment income	17,094	-	17,094	30,077	-	30,077
Gain on sales of property and equipment	15,000	-	15,000	223,530	-	223,530
Unrealized loss on investments	(5,346)	-	(5,346)	(29,758)	-	(29,758)
Gain on sales of investments	4,204	-	4,204	51,742	-	51,742
Total support and other revenue	34,704,263	374,336	35,078,599	34,963,892	352,362	35,316,254
Net assets released from restrictions	352,362	(352,362)	-	157,906	(157,906)	-
Functional expenses:						
Program services	32,816,160	-	32,816,160	31,023,295	-	31,023,295
Management and general	337,724	-	337,724	249,195	-	249,195
Fundraising	583,311	-	583,311	487,857	-	487,857
Total functional expenses	33,737,195	-	33,737,195	31,760,347	-	31,760,347
Changes in net assets	1,319,430	21,974	1,341,404	3,361,451	194,456	3,555,907
Net assets, beginning of the year	6,933,925	352,362	7,286,287	3,572,474	157,906	3,730,380
Net assets, end of the year	<u>\$ 8,253,355</u>	<u>\$ 374,336</u>	<u>\$ 8,627,691</u>	<u>\$ 6,933,925</u>	<u>\$ 352,362</u>	<u>\$ 7,286,287</u>

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

OPERATION FOOD SEARCH, INC.

STATEMENTS OF FUNCTIONAL EXPENSES For the Years Ended September 30, 2017 and 2016

	2017				2016			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Distributed food and household items	\$ 30,308,197	\$ -	\$ -	\$ 30,308,197	\$ 28,529,426	\$ -	\$ -	\$ 28,529,426
Salaries	923,800	153,967	205,289	1,283,056	866,741	128,840	175,691	1,171,272
Food purchased for distribution	690,958	-	-	690,958	835,562	-	-	835,562
Fundraising	-	-	282,720	282,720	-	-	198,084	198,084
Depreciation	178,028	40,056	4,451	222,535	79,088	4,298	2,579	85,965
Employee benefits	119,160	25,175	23,496	167,831	140,252	26,898	24,977	192,127
Office expense	103,273	47,665	7,944	158,882	95,042	17,820	5,940	118,802
Transportation and distribution	132,811	-	-	132,811	133,993	-	-	133,993
Communications	72,446	13,799	28,749	114,994	30,314	5,197	7,795	43,306
Payroll taxes	65,669	10,945	14,593	91,207	64,528	9,592	13,080	87,200
Insurance	43,779	13,426	1,167	58,372	64,584	3,399	-	67,983
Utilities	50,711	5,763	1,153	57,627	39,816	2,597	866	43,279
Program expenses	44,356	-	-	44,356	20,510	-	-	20,510
Professional services	6,278	12,557	12,557	31,392	23,168	34,753	57,922	115,843
Travel	26,617	2,958	-	29,575	16,789	1,865	-	18,654
Repairs and maintenance	23,943	2,959	-	26,902	37,923	1,996	-	39,919
Warehouse	14,425	-	-	14,425	18,738	-	-	18,738
Miscellaneous	10,173	535	-	10,708	26,360	1,387	-	27,747
Interest expense	-	6,212	-	6,212	-	10,092	-	10,092
Meetings and seminars	1,021	1,192	1,192	3,405	461	461	923	1,845
Dues and subscriptions	515	515	-	1,030	-	-	-	-
	\$ 32,816,160	\$ 337,724	\$ 583,311	\$ 33,737,195	\$ 31,023,295	\$ 249,195	\$ 487,857	\$ 31,760,347

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

OPERATION FOOD SEARCH, INC.

STATEMENTS OF CASH FLOWS
For the Years Ended September 30, 2017 and 2016

	2017	2016
Cash flows from operating activities:		
Changes in net assets	\$ 1,341,404	\$ 3,555,907
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Investment contributions	(140,453)	(59,321)
Property and equipment contributions	-	(24,000)
Gain on sales of investments	(4,204)	(51,742)
Unrealized loss on investments	5,346	29,758
Depreciation	222,535	85,965
Gain on sales of property and equipment	(15,000)	(223,530)
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable	(4,685)	(1,665)
Unconditional promises to give	408,760	(1,143,005)
Grants receivable	(113,616)	134,472
Undistributed food and household items	(375,000)	134,000
Prepaid expenses	(45,536)	(3,033)
Increase (decrease) in liabilities:		
Accrued expenses	(352,413)	463,272
Net cash provided by operating activities	927,138	2,897,078
Cash flows from investing activities:		
Proceeds from sales of investments	113,555	2,041,895
Purchases of investments	(4,062)	(808,669)
Proceeds from sales of property and equipment	-	2,000
Purchases of property and equipment	(498,190)	(4,032,656)
Net cash (used in) investing activities	(388,697)	(2,797,430)
Cash flows from financing activities:		
Borrowings on long-term debt	640,928	2,071,523
Principal payments on long-term debt	(1,075,045)	(1,647,244)
Net cash (used in) provided by financing activities	(434,117)	424,279
Net increase in cash and cash equivalents	104,324	523,927
Cash and cash equivalents, beginning of the year	863,093	339,166
Cash and cash equivalents, end of the year	\$ 967,417	\$ 863,093
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	\$ 6,212	\$ 10,092

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

OPERATION FOOD SEARCH, INC.

NOTES TO THE FINANCIAL STATEMENTS

(1) Operations

Operation Food Search, Inc. (the “Organization”) is a not-for-profit voluntary health and welfare organization established in 1981. The Organization’s mission is: “To nourish and educate our neighbors in need to heal the hurt of hunger.” The Organization distributes food and household items free of charge to community agencies to help serve hungry individuals and families in the greater metropolitan St. Louis area. In helping to alleviate hunger, the Organization also increases awareness on issues of hunger and works to eliminate waste in the region. The Organization is supported primarily through donor contributions and grants.

(2) Summary of Significant Accounting Policies

Basis of Accounting

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

Financial Statement Presentation

Pursuant to the Not-for-Profit Entities topic of the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”), 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. As permitted by the topic, the Organization does not use fund accounting.

Restricted and Unrestricted Support and Revenue

Contributions are recognized when the donor makes an unconditional promise to give to the Organization. Gifts of cash and other assets received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

Unrestricted contributions include resources available for the support of operations, which have no donor imposed restrictions.

Contributions that are temporarily restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction has been accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Use of Estimates

The preparation of financial statements in conformity with 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.

OPERATION FOOD SEARCH, INC.

NOTES TO THE FINANCIAL STATEMENTS

(2) Summary of Significant Accounting Policies (Continued)

Contributions

All contributions are considered to be available for the general programs of the Organization unless specifically restricted by the donor. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets.

Non-cash contributions are recorded as unrestricted support unless specifically restricted by the donor. Food and other household items are valued at retail, and other non-cash items are valued at their fair market value. During the years ended September 30, 2017 and 2016, the Organization received non-cash contributions of \$30,683,197 and \$28,419,426, respectively.

Contributed Services

Services which create or enhance nonfinancial assets or require specialized skills are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. These services are recognized in the financial statements at the fair value of services provided. For the years ended September 30, 2017 and 2016, the Organization received immaterial donated services.

In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization in its mission. These services are not recognized in the financial statements.

Investments

Investments are adjusted to market value at year end. Unrealized gains and losses on investments are recorded as changes in net assets in the periods in which they occur. Interest and dividend income from investments is recognized when earned. Gains or losses on the sale of investments are recognized on a specific identification basis. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Unconditional Promises to Give

Unconditional promises to give are recognized as revenue when the promise is received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Unconditional promises to give expected to be collected in less than one year are reported at net realizable value. Contributions to be collected in future years are recorded at fair value when the promise is made based on a discounted cash flow model. Management does not believe an allowance for uncollectible amounts is necessary based on historical experience with the donors, and accordingly, has made no allowance for doubtful accounts.

OPERATION FOOD SEARCH, INC.

NOTES TO THE FINANCIAL STATEMENTS

(2) Summary of Significant Accounting Policies (Continued)

Contributed and Undistributed Food and Household Items

Contributed and undistributed food and household items are valued at retail value at the date of donation, which approximates fair market value.

Property and Equipment

Property and equipment are stated at cost if purchased or fair value if contributed, less an allowance for depreciation. Material expenditures for property acquisitions and those expenditures which substantially increase useful lives are capitalized. Expenditures for maintenance, repairs, and minor replacements are expensed as incurred. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains or losses are included in income.

Depreciation

The Organization provides for depreciation using both straight-line and accelerated methods based upon the estimated useful lives of the assets as follows: building, 39 years; transportation equipment, 5 years; furniture and fixtures, 3 to 10 years; office equipment, 3 to 10 years; warehouse equipment, 5 to 10 years.

Program Services

Program services include those expenses necessary for programs and other items that enable the Organization to collect, coordinate, and distribute food and household items for the benefit of the hungry, such as salaries, facilities, transportation, food purchases, and administrative expenses.

Management and General

Management and general includes the functions necessary to maintain an adequate working environment, provide coordination of program strategy, secure proper administrative functioning of the Board of Directors, and manage the financial and budgetary responsibilities.

Fundraising

Fundraising provides the structure necessary to encourage and secure public and private financial support from individuals, foundations, and corporations.

Functional Allocation of Expenses

The costs associated with providing the Organization's activities have been summarized on the functional basis. Certain expenses represent costs associated with multiple activities and require allocation among the program and supporting services benefited. Such allocations are based on relevant factors that represent management's best estimate of the costs of providing such activities.

OPERATION FOOD SEARCH, INC.

NOTES TO THE FINANCIAL STATEMENTS

(2) Summary of Significant Accounting Policies (Continued)

Income Taxes

The Internal Revenue Service has advised the Organization that it is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization's management does not believe that its exempt status has been significantly affected by any changes in its activities since the date of the most recent determination letter received. Accordingly, no provision for income taxes has been included in these financial statements.

The Organization accounts for any uncertain tax positions in accordance with the Income Taxes topic of the FASB ASC. The topic prescribes a recognition threshold and measurement process for financial statement recognition of uncertain tax positions taken or expected to be taken in a tax return. In evaluating the Organization's exempt status, interpretations and tax planning strategies are considered. The Organization believes it is not exposed to any material current or future tax liability based on its current operations.

The Organization's income tax filings are subject to audit by various taxing authorities. The Organization's open audit periods are primarily the years ended September 30, 2014 through September 30, 2017.

Concentration of Credit Risk

The Organization, on occasion, maintains cash deposits with financial institutions that include funds greater than the insured limit by the FDIC. The Organization has not experienced any losses in such accounts. Management and the Board believe the Organization is not exposed to any significant credit risk related to cash. The amounts on deposit at September 30, 2017 and 2016 exceeded the insured limits by \$156,508 and \$730,898, respectively. The Organization also holds cash equivalent assets in uninsured accounts totaling \$35,187 and \$34,958 as of September 30, 2017 and 2016, respectively.

The Organization maintains cash equivalents and investments with a brokerage firm that includes funds greater than the insured limit by the SIPC. The Organization has not experienced any losses beyond normal market fluctuations. Management and the Board believe the Organization is not exposed to any significant credit risk beyond normal market fluctuations related to cash equivalents and investments. The brokerage account at September 30, 2017 and 2016 exceeded the insured limit by \$75,187 and \$70,352, respectively.

Subsequent Events

The Organization evaluates events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying financial statements consider events through the date of the independent auditor's report, which is the date the financial statements were available to be issued.

OPERATION FOOD SEARCH, INC.

NOTES TO THE FINANCIAL STATEMENTS

(3) Investments

Cost and market value of investments consist of the following at:

	Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Market Value
September 30, 2017				
Bonds	\$ 514,605	\$ 49	\$ (7,374)	\$ 507,280
Mutual funds	56,703	12,204	-	68,907
Common stocks	46,477	5	(6,951)	39,531
	<u>\$ 617,785</u>	<u>\$ 12,258</u>	<u>\$ (14,325)</u>	<u>\$ 615,718</u>
September 30, 2016				
Brokered certificates of deposit	\$ 510,646	\$ 1,798	\$ -	\$ 512,444
Mutual funds	56,703	2,178	-	58,881
Common stocks	15,225	76	(726)	14,575
	<u>\$ 582,574</u>	<u>\$ 4,052</u>	<u>\$ (726)</u>	<u>\$ 585,900</u>

Based on management's evaluation and the Organization's ability and intent to hold these investments for a reasonable period of time sufficient for a forecasted recovery of fair value, the Organization considers these investments temporarily impaired at September 30, 2017 and 2016. The investments currently in an unrealized holding loss position have a market value of \$544,690 and \$6,471 at September 30, 2017 and 2016, respectively, with a majority in an unrealized loss position for less than 12 months.

(4) Fair Value Measurements

Under the Fair Value Measurements and Disclosures topic of the FASB ASC, a guideline is provided for measuring fair value under generally accepted accounting principles. The topic establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets or liabilities and have the highest priority; Level 2 inputs include quoted prices in active markets for similar assets or liabilities, quoted prices in inactive markets for identical or similar assets or liabilities, or inputs that are observable or can be corroborated by observable market data or other means for substantially the full term of the asset or liability; and Level 3 inputs have the lowest priority and are based on prices or valuation techniques that are unobservable and not corroborated by market data. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its assets and liabilities. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. The Organization uses Level 2 inputs when an active market comparable is not available and Level 3 inputs are only used when Level 1 or Level 2 inputs are not available. There were no Level 2 or Level 3 inputs for the Organization.

OPERATION FOOD SEARCH, INC.

NOTES TO THE FINANCIAL STATEMENTS

(4) Fair Value Measurements (Continued)

Level 1 Fair Value Measurements

The fair value of the investments is based on quoted market prices. The Organization's investments of \$615,718 and \$585,900 as of September 30, 2017 and 2016, respectively, used Level 1 inputs for valuation purposes.

(5) Unconditional Promises to Give

Unconditional promises to give expected to be collected in the future are as follows at September 30:

	2017	2016
Amount due in:		
Less than one year	\$ 296,833	\$ 562,284
One to five years	474,367	651,320
	771,200	1,213,604
Less discount to present value	(36,955)	(70,599)
	\$ 734,245	\$ 1,143,005

Unconditional promises to give due in excess of one year are recognized at fair value, using present value with a discount rate of 3.00% and 3.75% as of September 30, 2017 and 2016, respectively, to approximate fair value.

The above unconditional promises to give relate to the Organization's current capital campaign for the purchase of a new facility (purchased in 2016) and expansion of current programs.

(6) Property and Equipment

Property and equipment consists of the following at September 30:

	2017	2016
Building	\$ 4,397,568	\$ 4,159,363
Land	688,143	688,143
Transportation equipment	448,181	390,136
Furniture and fixtures	134,914	125,725
Office equipment	120,345	97,570
Warehouse equipment	187,889	89,095
	5,977,040	5,550,032
Accumulated depreciation	(567,138)	(430,785)
	\$ 5,409,902	\$ 5,119,247

OPERATION FOOD SEARCH, INC.

NOTES TO THE FINANCIAL STATEMENTS

(6) Property and Equipment (Continued)

Depreciation expense for the years ended September 30, 2017 and 2016 was \$222,535 and \$85,965, respectively.

(7) Long-Term Debt

In January 2016, the Organization entered into a loan agreement with a bank in the amount of \$949,838, with interest at 3.5%, payable on January 14, 2018. The proceeds from the sale of a building were used to pay off this loan during the year ended September 30, 2016.

In July 2016, the Organization entered into a construction loan agreement with a bank whereby it could borrow up to \$2,903,376, with interest at 3.75%, payable monthly. Interest only payments were due monthly until July 10, 2018. Thereafter, the Organization was to make monthly payments of \$15,014, including interest, with final payment due July 14, 2021. The building was pledged as collateral. As of September 30, 2016, \$434,117 was outstanding under this agreement. The Organization paid off this loan during the year ended September 30, 2017.

(8) Non-Cash Investing Activities

During the year ended September 30, 2017, the Organization acquired equipment by trading in equipment valued at \$15,000.

During the year ended September 30, 2016, the Organization acquired building and land with a cost of \$4,847,507 by issuing a note payable of \$949,838. In addition, the Organization utilized proceeds of \$940,000 from the sale of a building to pay down long-term debt.

(9) Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following at September 30:

	2017	2016
Building	\$ 200,000	\$ -
Out of school meals program	99,446	-
Nutrition education	40,093	48,500
Equipment	32,305	40,000
Food purchases	2,492	7,677
Backpack program	-	256,185
	<u>\$ 374,336</u>	<u>\$ 352,362</u>

OPERATION FOOD SEARCH, INC.

NOTES TO THE FINANCIAL STATEMENTS

(9) Temporarily Restricted Net Assets (Continued)

Net assets released from restrictions consist of the following at September 30:

	2017	2016
Backpack program	\$ 256,185	\$ 81,326
Nutrition education	48,500	61,228
Equipment	40,000	-
Food purchases	7,677	-
Out of school meals program	-	10,575
Pantry sustainability	-	4,777
	\$ 352,362	\$ 157,906

The backpack program is designed to distribute food to hungry school children. Nutrition education utilizes chefs and nutritionists to lead hands-on courses that instruct adults, teens, and kids how to get the most nutrition out of a limited budget. The out of school meals program provides children with nutritious meals when school is not in session.

(10) Leases

On October 1, 2016, the Organization entered into a lease agreement to rent a portion of its building to an unrelated party. The lease is classified as an operating lease and is due to expire September 30, 2019.

Future minimum lease receipts are as follows:

Year ending September 30:	
2018	105,000
2019	105,000
	\$ 210,000

(11) Employee Benefit Plan

The Organization maintains a 401(k) safe harbor plan for all eligible employees. Under the terms of the plan, employees may contribute up to the maximum amount allowed by law. The Organization is required to make matching safe harbor contributions, defined as 100% of the first 4% of eligible compensation, to the plan. Additional Organization contributions may be made at the Organization's discretion. Employees are 100% vested in their deferred compensation contributions and the Organization's matching safe harbor contributions. In the event of additional Organization contributions, employees will vest 0% in year 1, 20% after year 2, 40% after year 3, 60% after year 4, 80% after year 5, with 100% vesting after the sixth year of continuous service. Contributions charged to expense for the years ended September 30, 2017 and 2016 were \$38,561 and \$38,867, respectively.

OPERATION FOOD SEARCH, INC.

NOTES TO THE FINANCIAL STATEMENTS

(12) Donor Concentration

The Organization received 11% of its cash contributions from a single donor for the year ended September 30, 2017 and 18% of its cash contributions from a different donor for the year ended September 30, 2016.

The Organization received 43% and 45% of its non-cash contributions from one donor for the years ended September 30, 2017 and 2016, respectively.