

**FOOD BANK OF ABILENE, INC.
dba
FOOD BANK OF WEST
CENTRAL TEXAS**

FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITOR'S
REPORT

DECEMBER 31, 2014 AND 2013

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**FOOD BANK OF ABILENE, INC. dba
FOOD BANK OF WEST CENTRAL TEXAS**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Food Bank of Abilene, Inc. dba
Food Bank of West Central Texas
Abilene, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of **Food Bank of Abilene, Inc. dba Food Bank of West Central Texas** (a nonprofit organization), which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of activities, cash flows and functional expenses 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 **Food Bank of Abilene, Inc. dba Food Bank of West Central Texas** as of December 31, 2014 and 2013, 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.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued my report dated June 4, 2015, on our consideration of **Food Bank of Abilene, Inc. dba Food Bank of West Central Texas'** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering **Food Bank of Abilene, Inc. dba Food Bank of West Central Texas'** internal control over financial reporting and compliance.

Roberts + McGee, CPA

ROBERTS & MCGEE, CPA

Abilene, Texas
June 4, 2015

FINANCIAL STATEMENTS

**FOOD BANK OF ABILENE, INC. dba
FOOD BANK OF WEST CENTRAL TEXAS**

Statements of Financial Position

December 31, 2014 and 2013

Assets	<u>2014</u>	<u>2013</u>
Cash and cash equivalents	\$ 990,175	\$ 1,000,623
Investments	1,231,150	1,176,803
Accounts receivable	43,760	31,002
Grants receivable	16,884	9,174
Inventory	574,360	752,557
Prepaid and other assets	4,031	3,732
Property and equipment, net of accumulated depreciation	<u>581,898</u>	<u>557,360</u>
Total Assets	<u>\$ 3,442,258</u>	<u>\$ 3,531,251</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 10,210	\$ 35,194
Accrued expenses	1,232	718
Deferred revenue	<u>10,021</u>	<u>9,763</u>
Total Liabilities	<u>21,463</u>	<u>45,675</u>
Net assets:		
Unrestricted		
Undesignated	3,041,823	3,073,085
Designated for operations	330,000	330,000
Temporarily restricted	<u>48,972</u>	<u>82,491</u>
Total Net Assets	<u>3,420,795</u>	<u>3,485,576</u>
Total Liabilities and Net Assets	<u>\$ 3,442,258</u>	<u>\$ 3,531,251</u>

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

FOOD BANK OF ABILENE, INC. dba
FOOD BANK OF WEST CENTRAL TEXAS
Statements of Activities
For the Years Ended December 31, 2014 and 2013

	2014		
	Unrestricted	Temporarily Restricted	Total
Revenues, Gains, and Other Support			
Shared maintenance fees	\$ 276,070	\$	\$ 276,070
Purchased product	475,311		475,311
USDA - Commodities	701,609		701,609
USDA - Federal assistance	62,756		62,756
Other grant revenue	91,420	50,000	141,420
Donated food	4,659,838		4,659,838
Other donations	585,493	20,500	605,993
Interest and dividends	28,514		28,514
Other income	4,856		4,856
Realized and unrealized gain (loss) on investments	50,620		50,620
Net assets released from restrictions	104,019	(104,019)	
Total Revenues, Gains, and Other Support	<u>7,040,506</u>	<u>(33,519)</u>	<u>7,006,987</u>
Expenses			
Food distribution	6,708,270		6,708,270
General and administrative	191,188		191,188
Fund raising	172,310		172,310
Total Expenses	<u>7,071,768</u>		<u>7,071,768</u>
Change In Net Assets	(31,262)	(33,519)	(64,781)
Net Assets at Beginning of Year	<u>3,403,085</u>	<u>82,491</u>	<u>3,485,576</u>
Net Assets at End of Year	<u>\$ 3,371,823</u>	<u>\$ 48,972</u>	<u>\$ 3,420,795</u>

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

2013

	Unrestricted	Temporarily Restricted	Total
\$	334,617	\$	\$ 334,617
	245,998		245,998
	948,565		948,565
	58,103		58,103
	31,194	113,500	144,694
	4,933,433		4,933,433
	565,428		565,428
	28,543		28,543
	2,755		2,755
	129,395		129,395
	78,217	(78,217)	
	<u>7,356,248</u>	<u>35,283</u>	<u>7,391,531</u>
	6,869,308		6,869,308
	191,392		191,392
	<u>150,103</u>		<u>150,103</u>
	<u>7,210,803</u>		<u>7,210,803</u>
	145,445	35,283	180,728
	<u>3,257,640</u>	<u>47,208</u>	<u>3,304,848</u>
\$	<u><u>3,403,085</u></u>	<u><u>82,491</u></u>	<u><u>3,485,576</u></u>

FOOD BANK OF ABILENE, INC. dba
FOOD BANK OF WEST CENTRAL TEXAS
Statements of Cash Flows
For the Years Ended December 31, 2014 and 2013

	2014	2013
Cash flows from operating activities		
Change in net assets	\$ (64,781)	\$ 180,728
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	99,598	86,246
(Gain)/loss on investments	(50,620)	(129,395)
(Increase) decrease in:		
Accounts receivable	(12,758)	7,910
Grants receivable	(7,710)	27,475
Inventory	178,197	87,599
Prepaid and other assets	(299)	(243)
Increase (decrease) in:		
Accounts payable	(24,984)	7,284
Accrued expenses	514	17
Deferred revenue	258	(10,832)
	117,415	256,789
Net cash provided by operating activities		
Cash flows from investing activities		
Acquisition of property and equipment	(124,136)	(93,736)
Change in investments	(3,727)	(9,242)
	(127,863)	(102,978)
Net cash used by investing activities		
Net change in cash and cash equivalents	(10,448)	153,811
Cash and cash equivalents at beginning of year	1,000,623	846,812
Cash and cash equivalents at end of year	\$ 990,175	\$ 1,000,623

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

FOOD BANK OF ABILENE, INC. dba
FOOD BANK OF WEST CENTRAL TEXAS

Statement of Functional Expenses

For the Year Ended December 31, 2014

	2014			
	Food Distribution\ Programs	General and Administrative	Fund Raising	Total
Expenses				
Cost of goods distributed	\$ 6,159,121	\$	\$	\$ 6,159,121
Truck and trailer expense	44,779			44,779
Warehouse expense	78,318			78,318
Vehicle expense	19,618	8,354		27,972
Payroll	222,695	89,179	51,827	363,701
Payroll taxes and employee benefits	49,804	19,945	11,591	81,340
Utilities	35,773	11,925		47,698
Office and general expenses		42,952	8,181	51,133
Support services and training		11,190		11,190
Convention and travel expenses	1,552	4,655		6,207
Depreciation	96,610	2,988		99,598
Fund raising			100,711	100,711
	\$ 6,708,270	\$ 191,188	\$ 172,310	\$ 7,071,768
Total expenses	\$ 6,708,270	\$ 191,188	\$ 172,310	\$ 7,071,768

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

**FOOD BANK OF ABILENE, INC. dba
FOOD BANK OF WEST CENTRAL TEXAS**

Statement of Functional Expenses
For the Year Ended December 31, 2013

	2013			
	Food Distribution\ Programs	General and Administrative	Fund Raising	Total
Expenses				
Cost of goods distributed	\$ 6,398,901	\$	\$	\$ 6,398,901
Truck and trailer expense	54,317			54,317
Warehouse expense	49,750			49,750
Vehicle expense	15,247	7,334		22,581
Payroll	193,893	85,947	50,979	330,819
Payroll taxes and employee benefits	37,688	16,706	9,910	64,304
Utilities	33,355	11,118		44,473
Office and general expenses		46,607	10,123	56,730
Support services and training		13,616		13,616
Convention and travel expenses	2,494	7,481		9,975
Depreciation	83,663	2,583		86,246
Fund raising			79,091	79,091
Total expenses	\$ 6,869,308	\$ 191,392	\$ 150,103	\$ 7,210,803

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

**FOOD BANK OF ABILENE, INC. dba
FOOD BANK OF WEST CENTRAL TEXAS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of **Food Bank of Abilene, Inc. dba Food Bank of West Central Texas'** (the "Organization") significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

Organization

Food Bank of Abilene, Inc. dba Food Bank of West Central Texas is incorporated and operated as a non-profit organization under the laws of the State of Texas. It has also been accorded recognition as an organization exempt from income tax under Section 501(c)(3) of the Internal Revenue Code by the Commissioner of Internal Revenue and is not considered a private foundation. Accordingly, there is no provision for federal income tax or related items. During the year, there were 18 members serving as the board of directors. Board members are elected by the Board for up to three consecutive two-year terms. While major decisions are made by the Board, the Executive Director is a paid employee, whose duties include all of the necessary daily decisions. The purpose of the Organization is to function as a member of Feeding America and the Texas Food Bank Network (TFBN), and through these organizations obtain donated and purchased food to be redistributed to churches and non-profit 501(c)(3) agencies in the Organization's service area. In January 2005, Food Bank of Abilene, Inc. filed an assumed name certificate in Taylor County, Texas, and began operating as Food Bank of West Central Texas. The name change was effected to reflect the broader geographical area served by the Organization and its programs.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting. The focus of the financial statements is to present the Organization as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions. This has been accomplished by classification of fund balances and transactions into three classes of net assets - unrestricted, temporarily restricted, or permanently restricted.

Unrestricted net assets - Net assets not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met by actions of the Organization and/or passage of time.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. There were no permanently restricted net assets at December 31, 2014 and 2013.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or stipulated time period has elapsed) are reported as reclassifications between applicable classes of net assets.

**FOOD BANK OF ABILENE, INC. dba
FOOD BANK OF WEST CENTRAL TEXAS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from these estimates.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the Organization considers all cash and cash investments with original maturities of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable consist of handling fees charged to the agencies when food is picked up. The Organization does not maintain an allowance for estimated uncollectible accounts. When an account is determined uncollectible, it is deducted from the accounts receivable and charged back to the appropriate revenue account. The direct write off method used is not materially different from the allowance method required under generally accepted accounting principles.

Inventories

The majority of the Organization's inventory is donated. As determined by Feeding America, inventory is valued at the fair market value of \$1.72 and \$1.69 per pound for 2014 and 2013, respectively. Inventory also includes some purchased product and commodities from the USDA, which are valued according to the USDA cost value list.

Property and Equipment

Property and equipment additions are recorded at cost. Donated fixed assets are capitalized at estimated fair value and recorded as contributions in the year received. Maintenance, repairs and renewals are expensed as incurred while additions and improvements are capitalized. Depreciation is computed using the straight-line method in amounts sufficient to amortize the cost of property and equipment over their estimated useful lives, which are as follows:

**FOOD BANK OF ABILENE, INC. dba
FOOD BANK OF WEST CENTRAL TEXAS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Buildings	30 years
Building improvements	10 to 20 years
Warehouse and office equipment	5 years
Vehicles	5 to 7 years

Subsequent Events

Management has evaluated subsequent events through June 4, 2015, the date the financial statements were available to be issued.

NOTE 2: INVESTMENTS

Estimated fair values have been determined by the fund custodian using the best available data. Financial instruments actively traded in a secondary market have been valued using quoted market prices. The Organization records all investments at their fair market value. Investments as of December 31, 2014 and 2013 are summarized as follows:

	2014		2013	
	Cost	Fair Value	Cost	Fair Value
Unrestricted:				
Unrestricted	\$ 712,324	\$ 838,423	\$ 687,044	\$ 807,641
Agency portfolio	<u>334,343</u>	<u>392,727</u>	<u>315,745</u>	<u>369,162</u>
Totals	<u>\$ 1,046,667</u>	<u>\$ 1,231,150</u>	<u>\$ 1,002,789</u>	<u>\$ 1,176,803</u>

The investment return for the years ended December 31, 2014 and 2013 was unrestricted. The following schedule summarizes the investment return for the years ended December 31, 2014 and 2013:

	2014	2013
Interest and dividends	\$ 28,514	\$ 26,068
Realized and unrealized gains (losses)	<u>50,620</u>	<u>129,395</u>
Total investment return	<u>\$ 79,134</u>	<u>\$ 155,463</u>

NOTE 3: FAIR VALUE DISCLOSURE

Authoritative guidance provides a framework for measuring the fair value of assets and liabilities and requires the Organization to classify its assets and liabilities based on valuation methods using three levels. Level 1 values are based on quoted prices in active markets for identical securities. Level 2 values are based on significant observable market inputs, such as quoted prices for similar securities and quoted prices in inactive markets. Level 3 values are based on significant unobservable inputs that reflect the Organization's determination of assumptions that market participants might reasonably use in valuing the securities. The valuation levels are not necessarily an indication of the risk or liquidity associated with the underlying investment. As of December 31, 2014 and 2013, the Organization's investments are classified as Level 1 under the fair value framework.

**FOOD BANK OF ABILENE, INC. dba
FOOD BANK OF WEST CENTRAL TEXAS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

NOTE 4: PROPERTY AND EQUIPMENT

	2014	2013
Buildings and improvements	\$ 1,018,772	\$ 993,561
Warehouse equipment	164,037	92,762
Vehicles	499,958	472,308
Office equipment	9,475	9,475
Land	2,215	2,215
Accumulated depreciation	(1,112,559)	(1,012,961)
Net property and equipment	\$ 581,898	\$ 557,360

Depreciation expense for the years ended December 31, 2014 and 2013 was \$99,598 and \$86,246, respectively.

NOTE 5: RESTRICTED NET ASSETS

The following net assets were temporarily restricted at December 31, 2014 and 2013:

	2014	2013
Temporarily Restricted For:		
Back Pack Program	\$ 26,358	\$ 25,500
Mobile Pantry Food Distribution	5,000	8,991
Warehouse Equipment	17,614	48,000
	\$ 48,972	\$ 82,491

NOTE 6: CONCENTRATION OF CREDIT RISK

A substantial portion of the Organization's revenues are in the form of commodities and federal assistance received from the U.S. Department of Agriculture. As a result, the Organization's overall exposure to credit risk is contingent upon future funding by federal funding agencies. The Organization also received a significant amount of donated food from Feeding America.

NOTE 7: RELATED PARTY TRANSACTIONS

The Organization purchased services and other items from various businesses whose management serves on the Food Bank's Board of Directors. All of the transactions were consummated at arm's length equivalent. For the years ended December 31, 2014 and 2013, the related party transactions aggregated approximately \$83,787 and \$35,719 respectively.

SINGLE AUDIT SECTION

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Food Bank of Abilene, Inc. dba
Food Bank of West Central Texas
Abilene, Texas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the statement of financial position of **Food Bank of Abilene, Inc. dba Food Bank of West Central Texas** as of and for the year ended December 31, 2014, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements, which collectively comprise **Food Bank of Abilene, Inc. dba Food Bank of West Central Texas'** basic financial statements, and have issued our report thereon dated June 4, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered **Food Bank of Abilene, Inc. dba Food Bank of West Central Texas'** internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of **Food Bank of Abilene, Inc. dba Food Bank of West Central Texas'** internal control. Accordingly, we do not express an opinion on the effectiveness of **Food Bank of Abilene, Inc. dba Food Bank of West Central Texas'** internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether **Food Bank of Abilene, Inc. dba Food Bank of West Central Texas'** financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a

direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Roberts + McGee, CPA

ROBERTS & MCGEE, CPA

Abilene, Texas
June 4, 2015

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Board of Directors
Food Bank of Abilene, Inc. dba
Food Bank of West Central Texas
Abilene, Texas

Report on Compliance for Each Major Federal Program

We have audited **Food Bank of Abilene, Inc. dba Food Bank of West Central Texas**' compliance with the types of compliance requirements described in the Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of **Food Bank of Abilene, Inc. dba Food Bank of West Central Texas**' major federal programs for the year ended December 31, 2014. **Food Bank of Abilene, Inc. dba Food Bank of West Central Texas**' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of **Food Bank of Abilene, Inc. dba Food Bank of West Central Texas**' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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 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 a major federal program occurred. An audit includes examining, on a test basis, evidence about **Food Bank of Abilene, Inc. dba Food Bank of West Central Texas**' 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 on compliance for each major federal program. However, our audit does not provide a legal determination on **Food Bank of Abilene, Inc. dba Food Bank of West Central Texas**' compliance.

Opinion on Each Major Federal Program

In our opinion, **Food Bank of Abilene, Inc. dba Food Bank of West Central Texas** complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2014.

Report on Internal Control Over Compliance

Management of **Food Bank of Abilene, Inc. dba Food Bank of West Central Texas** is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, we considered **Food Bank of Abilene, Inc. dba Food Bank of West Central Texas**' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 **Food Bank of Abilene, Inc. dba Food Bank of West Central Texas**' 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. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Roberts + McGee, CPA

ROBERTS & MCGEE, CPA

Abilene, Texas
June 4, 2015

FOOD BANK OF ABILENE, INC. dba
FOOD BANK OF WEST CENTRAL TEXAS
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2014

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass- through Grantor's Number</u>	<u>Federal Expenditures</u>
FEDERAL AWARDS			
<u>U.S. Department of Agriculture</u>			
Food and Nutrition Service:			
Passed through Texas Department of Agriculture			
The Emergency Food Assistance Program- Administrative Costs	10.568	02370	\$ 62,756
The Emergency Food Assistance Program- Food Commodities	10.569	02370	<u>730,673</u>
Total U.S. Department of Agriculture			<u>793,429</u>
Total Federal Awards			<u>\$ 793,429</u>

**FOOD BANK OF ABILENE, INC. dba
FOOD BANK OF WEST CENTRAL TEXAS**

Notes to Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2014

NOTE A: GENERAL

The Schedule of Expenditures of Federal Awards presents the activity of all applicable federal awards of **Food Bank of Abilene, Inc. dba Food Bank of West Central Texas**. **Food Bank of Abilene, Inc. dba Food Bank of West Central Texas'** reporting entity is defined in Note 1 of the financial statements. Federal awards received directly from federal agencies as well as federal awards passed through other governmental agencies are included on the Schedule of Expenditures of Federal Awards.

NOTE B: BASIS OF ACCOUNTING

The Schedule of Expenditures of Federal Awards is prepared on the accrual basis of accounting. The accrual basis of accounting is described in Note 1 of the financial statements. Cost reimbursement federal grants are considered to be earned to the extent of expenditures made under the provision of the grant and, accordingly, when such funds are received they are recorded as deferred revenue until earned. Revenue is recognized for commodities when received and included in inventory. Expenditures are recorded when the inventory is distributed to third parties.

The format for the Schedule of Expenditures of Federal Awards has been prescribed by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Such format includes revenue recognized in **Food Bank of Abilene, Inc. dba Food Bank of West Central Texas'** financial statements.

NOTE C: RECONCILIATION OF FEDERAL EXPENDITURES

The Schedule of Expenditures of Federal Awards reflects federal expenditures for The Emergency Food Assistance Program - Food Commodities. The following reconciles the commodities received to the commodities expended and reflected in the schedule:

Federal commodities received	\$ 701,609
Decrease in commodities inventory	<u>29,064</u>
Federal expenditures per schedule	\$ <u>730,673</u>

**FOOD BANK OF ABILENE, INC. dba
FOOD BANK OF WEST CENTRAL TEXAS**

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2014

A. Summary of Auditor's Results

1. Type of auditor's report issued on the financial statements: Unmodified
2. No significant deficiencies required to be reported in this schedule were disclosed in the audit of the financial statements.
3. Noncompliance which is material to the financial statements: None
4. No significant deficiencies required to be reported in this schedule were disclosed in the audit of the major programs.
5. Type of auditor's report on compliance for major programs: Unmodified
6. Did the audit disclose findings which are required to be reported under Sec. 510(a): No
7. Major Programs are:

The Emergency Food Assistance Program - Food Commodities
CFDA #10.569
Federal Grantor: U.S. Department of Agriculture
Pass-through: Texas Department of Agriculture

The Emergency Food Assistance Program - Administrative Costs
CFDA #10.568
Federal Grantor: U.S. Department of Agriculture
Pass-through: Texas Department of Agriculture
8. Dollar threshold used to distinguish between Type A and Type B federal programs: \$300,000
9. Low-Risk Auditee: Yes

B. Findings Related to the Financial Statements

None

C. Findings and Questioned Costs Related to the Federal Award Programs

None

**FOOD BANK OF ABILENE, INC. dba
FOOD BANK OF WEST CENTRAL TEXAS**

Summary Schedule of Prior Year Findings and Questioned Costs

For the Year Ended December 31, 2014

No Findings or Questioned Costs in Prior Year.