

WEST TEXAS FOOD BANK

**FINANCIAL STATEMENTS &
INDEPENDENT AUDITOR'S REPORT**

**FOR THE YEAR ENDED
SEPTEMBER 30, 2015**

(with comparative totals for 2014)

Randy Silhan, CPA, CFE
Certified Public Accountant
Certified Fraud Examiner

WEST TEXAS FOOD BANK

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the West Texas Food Bank:

Report on the Financial Statements

I have audited the accompanying financial statements of the West Texas Food Bank (a nonprofit organization), (the Food Bank), which comprise the statement of financial position as of September 30, 2015, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America 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 I 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, I 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. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Food Bank as of September 30, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

I have previously audited the Food Bank's 2014 financial statements, and my report dated February 25, 2015, expressed an unmodified opinion on those audited financial statements. In my opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Other Information

My audit was conducted for the purpose of forming an opinion on the 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 my 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*, I have also issued my report dated March 28, 2016, on my consideration of the Food Bank's internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Food Bank's internal control over financial reporting and compliance.



Odessa, Texas
March 28, 2016

WEST TEXAS FOOD BANK
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2015
(with comparative totals for 2014)

A S S E T S	<u>2015</u>	<u>2014</u>
CURRENT ASSETS		
Cash and Cash Equivalents - unrestricted	\$ 270,028	\$ 200,421
Cash and Cash Equivalents - board designated reserve	253,633	359,695
Cash and Cash Equivalents - temporarily restricted	4,311,160	5,328,027
Accounts Receivable	94,727	230,008
Grants Receivable	132,136	33,026
Pledges Receivable - current	254,400	1,145,600
Inventory	640,113	485,683
Prepaid Expenses	6,545	10,966
	<u>5,962,742</u>	<u>7,793,426</u>
PROPERTY AND EQUIPMENT (net)	<u>8,900,578</u>	<u>3,082,867</u>
PLEDGES RECEIVABLE - Long term	<u>1,853,000</u>	<u>3,272,000</u>
ENDOWMENT INVESTMENTS	<u>589,462</u>	<u>694,560</u>
TOTAL ASSETS	<u><u>\$ 17,305,782</u></u>	<u><u>\$14,842,853</u></u>
LIABILITIES & NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 199,345	\$ 538,362
Accrued Liabilities	99,215	92,395
Current maturities of long-term debt	11,828	241,762
	<u>310,388</u>	<u>872,519</u>
LONG-TERM DEBT, net of current maturities	<u>2,108,750</u>	<u>771,150</u>
TOTAL LIABILITIES	<u>2,419,138</u>	<u>1,643,669</u>
NET ASSETS		
Unrestricted	8,027,572	2,269,613
Unrestricted, Board Designated Operating Reserve	253,633	359,695
Temporarily Restricted	6,405,439	10,369,876
Permanently Restricted	200,000	200,000
	<u>14,886,644</u>	<u>13,199,184</u>
TOTAL NET ASSETS	<u>14,886,644</u>	<u>13,199,184</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 17,305,782</u></u>	<u><u>\$14,842,853</u></u>

The accompanying notes are an integral part of these financial statements

WEST TEXAS FOOD BANK
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2015
(with comparative totals for 2014)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2015	2014
PUBLIC SUPPORT					
Public contributions	\$ 2,231,580	\$ 231,935	\$ -	\$ 2,463,515	\$ 1,648,312
Capital campaign monetary contributions	-	1,158,560	-	1,158,560	8,712,350
Capital campaign - donated noncash assets	-	239,552	-	239,552	885,000
Donated food and commodities	8,017,267	-	-	8,017,267	7,966,976
TOTAL PUBLIC SUPPORT	10,248,847	1,630,047	-	11,878,894	19,212,638
REVENUES & OTHER SUPPORT					
Government grants & contracts	715,009	-	-	715,009	636,473
Program revenue and fees	1,296,951	-	-	1,296,951	978,443
Special events, net of costs of \$150,249	125,834	-	-	125,834	193,579
Book gain (loss) on disposition of fixed assets	(307,342)	-	-	(307,342)	2,075
Other income	60,467	-	-	60,467	60,558
Net investment income (loss)	(24,927)	-	-	(24,927)	46,245
TOTAL REVENUES & OTHER SUPPORT	1,865,992	-	-	1,865,992	1,917,373
TOTAL SUPPORT AND REVENUES	12,114,839	1,630,047	-	13,744,886	21,130,011
NET ASSETS RELEASED FROM RESTRICTIONS					
Restrictions Satisfied by Payments - Food & other programs	151,157	(151,157)	-	-	-
Restrictions Satisfied by Payments - Capital campaign	5,443,327	(5,443,327)	-	-	-
TOTAL SUPPORT, REVENUES, & RECLASSIFICATIONS	17,709,323	(3,964,437)	-	13,744,886	21,130,011
EXPENSES					
Program Services:					
Distribution	9,611,681	-	-	9,611,681	9,471,191
Transportation	777,120	-	-	777,120	578,405
Processing	742,858	-	-	742,858	756,504
Public Education	31,646	-	-	31,646	32,227
TOTAL PROGRAM SERVICES	11,163,305	-	-	11,163,305	10,838,327
Supporting Services:					
Management and General	404,904	-	-	404,904	364,166
Fundraising	489,217	-	-	489,217	419,938
TOTAL SUPPORT SERVICES	894,121	-	-	894,121	784,104
TOTAL EXPENSES	12,057,426	-	-	12,057,426	11,622,431
CHANGE IN NET ASSETS	5,651,897	(3,964,437)	-	1,687,460	9,507,580
BEGINNING NET ASSETS	2,629,308	10,369,876	200,000	13,199,184	3,691,604
ENDING NET ASSETS	\$ 8,281,205	\$ 6,405,439	\$ 200,000	\$ 14,886,644	\$ 13,199,184

The accompanying notes are an integral part of these financial statements

**WEST TEXAS FOOD BANK
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2015
(with comparative totals for 2014)**

	PROGRAM SERVICES					SUPPORT SERVICES		TOTALS	
	Distribution	Transportation	Processing	Public Education	Total	Management & General	Fundraising	2015	2014
Salaries	\$ 176,247	\$ 309,795	\$ 405,187	\$ 17,261	\$ 908,490	\$ 212,240	\$ 136,497	\$ 1,257,227	\$ 1,044,306
Payroll taxes	13,467	23,670	30,959	1,319	69,415	16,248	10,480	96,143	102,214
Other employee benefits	34,679	60,956	79,725	3,396	178,756	41,761	26,857	247,374	200,748
Total Personnel Costs	224,393	394,421	515,871	21,976	1,156,661	270,249	173,834	1,600,744	1,347,268
Professional fees	-	-	-	-	-	22,826	7,130	29,956	38,787
Direct mail fundraising costs	-	-	-	-	-	-	177,957	177,957	125,940
Capital campaign fundraising expenses	-	-	-	-	-	-	185	185	65,807
Bad debt	-	-	-	-	-	-	-	-	145
Contract labor	-	-	-	-	-	8,401	-	8,401	1,566
Supplies	10,820	19,019	24,876	1,060	55,775	14,019	-	69,794	46,954
Telephone	3,815	6,706	8,771	374	19,666	4,916	-	24,582	19,179
Occupancy	16,614	29,203	38,195	1,627	85,639	21,409	-	107,048	104,541
Equipment rental & maintenance	11,789	20,723	27,103	1,155	60,770	15,193	-	75,963	75,476
Promotional, publications, & printing	-	-	-	-	-	-	45,798	45,798	34,074
Travel	9,835	17,288	22,611	963	50,697	12,674	-	63,371	42,377
Conferences & meetings	1,643	2,889	3,778	161	8,471	2,118	-	10,589	10,850
Dues, fees, & subscriptions	5,801	10,196	13,336	568	29,901	7,475	-	37,376	32,351
Insurance	9,335	16,408	21,460	914	48,117	12,029	-	60,146	42,479
Vehicle & transportation costs	-	209,150	-	-	209,150	52,288	-	261,438	293,057
Special food program & project costs	9,531	16,752	21,911	933	49,127	-	-	49,127	11,211
Food distributed - Donated	5,957,870	-	-	-	5,957,870	-	-	5,957,870	5,675,932
Food distributed - USDA commodities	476,957	-	-	-	476,957	-	-	476,957	627,973
Food distributed - Purchased	1,129,373	-	-	-	1,129,373	-	-	1,129,373	876,921
USDA Commodities distributed to									
El Pasoans Fighting Hunger	1,454,509	-	-	-	1,454,509	-	-	1,454,509	1,709,526
USDA administrative reimbursements to									
El Pasoans Fighting Hunger	269,845	-	-	-	269,845	-	-	269,845	251,773
Property taxes - El Paso	-	-	-	-	-	20,425	-	20,425	-
Interest & bank fees	2,942	5,172	6,764	288	15,166	3,792	-	18,958	84,663
Total before depreciation	9,595,072	747,927	704,676	30,019	11,077,694	467,814	404,904	11,950,412	11,518,850
Depreciation	16,609	29,193	38,182	1,627	85,611	21,403	-	107,014	103,581
TOTAL	\$ 9,611,681	\$ 777,120	\$ 742,858	\$ 31,646	\$ 11,163,305	\$ 489,217	\$ 404,904	\$ 12,057,426	\$ 11,622,431

The accompanying notes are an integral part of these financial statements

**WEST TEXAS FOOD BANK
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2015
(with comparative totals for 2014)**

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash collected from support and revenue	\$ 8,173,639	\$ 8,290,762
Cash paid for operations	(4,412,125)	(3,051,221)
Interest received	271	2,421
Interest paid	(12,572)	(80,333)
	<u>3,749,213</u>	<u>5,161,629</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(6,679,495)	(769,565)
Proceeds from sale of property and equipment	728,082	2,075
Distributions from endowment	80,171	-
Reinvested net earnings from investments	2,143	367
	<u>(5,869,099)</u>	<u>(767,123)</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES		
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	2,084,395	-
Principal repayments on long-term debt	(1,017,831)	(12,912)
	<u>1,066,564</u>	<u>(12,912)</u>
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES		
NET CHANGE IN CASH & CASH EQUIVALENTS	(1,053,322)	4,381,594
CASH & CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>5,888,143</u>	<u>1,506,549</u>
CASH & CASH EQUIVALENTS AT END OF YEAR	<u>\$ 4,834,821</u>	<u>\$ 5,888,143</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Change in Net Assets	\$ 1,687,460	\$ 9,507,580
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation	107,014	103,581
Unrealized (gains) losses on investments	22,827	(44,657)
Realized (gains) losses on investments	(43)	(1,955)
Realized (gain) loss on disposition of fixed assets	307,342	(2,075)
Donated fixed assets	(239,552)	(885,000)
Change in Assets and Liabilities:		
Decrease (Increase) in grants and accounts receivable	36,171	(118,932)
Decrease (Increase) in pledges receivable	2,310,200	(3,817,600)
Decrease (Increase) in prepaid expenses	4,421	3,852
Decrease (Increase) in inventory	(154,430)	(66,774)
Increase (Decrease) in accounts payable and accrued liabilities	(332,197)	483,609
	<u>3,749,213</u>	<u>5,161,629</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
SUPPLEMENTAL DISCLOSURES	-	
Noncash investing and financing transactions:		
Note payable obligation incurred for purchase of a vehicle	<u>\$ 41,102</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

**WEST TEXAS FOOD BANK
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

West Texas Food Bank (the Food Bank) is a non-profit corporation originally organized in the State of Texas in 1985 as the Permian Basin Food Bank, Inc. The Food Bank changed its name to West Texas Food Bank in 2005. The Food Bank serves individuals and partner agencies in 19 counties in West Texas. The Food Bank's network includes over 80 community and faith-based charitable agencies, including food pantries, soup kitchens, senior citizen agencies, women's shelters, Kids Cafe, Food 2 Kids, and homeless shelters. These agencies provide ongoing and emergency food assistance to thousands of persons. The Food Bank also provides programs to increase the community awareness on issues of hunger and nutrition education. The Food Bank distributed approximately 5,200,000 pounds of food to partner agencies and individuals during the fiscal year ending September 30, 2015.

As explained in Note 14, effective January 1, 2013, the El Paso branch formed "El Pasoans Fighting Hunger" which is a separate non-profit corporation serving the El Paso area. This tax-exempt organization is governed by a separate board of directors. The organization is currently considered a partner distribution organization of the Food Bank and is a sub-recipient of USDA food commodities and administrative costs passed through from the Food Bank. A total of 2,326,044 pounds of USDA food commodities was passed through from the West Texas Food Bank to El Pasoans Fighting Hunger (the sub-recipient) during the fiscal year ending September 30, 2015.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting consistent with generally accepted accounting principles applicable to voluntary health and welfare organizations in the United States of America.

Financial Statement Presentation

Under FASB ASC 958, the Food Bank 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. In addition, the Food Bank is required to present a statement of cash flows. As permitted by this statement, the Food Bank does not use fund accounting and has, accordingly, reclassified its financial statements to present the three classes of net assets required.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Accordingly, actual results could differ from those estimates.

Income Taxes

The Food Bank qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, therefore, has no provision for federal income taxes. In addition, the Food Bank has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code. There was no taxable unrelated business income for 2015.

**WEST TEXAS FOOD BANK
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash & Cash Equivalents

The Food Bank considers all cash on hand, cash held in demand accounts, certificates of deposit, and all highly liquid investments maturing in three (3) months or less to be cash and cash equivalents.

Accounts Receivable

Accounts receivables consist primarily of shared maintenance fees billed to agencies for services rendered. Grants receivable are reimbursable costs due from granting agencies. The Food Bank uses the direct write-off method to account for bad debts. Management considers all receivables to be fully collectible, and accordingly, no allowance for doubtful accounts is necessary. Accounts will be charged to operations if they become uncollectible.

Pledges Receivable

An unconditional promise to give (pledge) is recognized as revenue at the time of the pledge, net of an allowance for uncollectible amounts. Pledges are recorded at fair value based on the present value of expected future cash flows. Contributions are recognized when the donor makes a promise to give to the Food Bank that is, in substance, unconditional. Contributions that are 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 restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. The Food Bank has estimated that all pledges are fully collectible based on the past history of those donors from whom the promises to give were received; therefore no discount rate or uncollectible amounts have been calculated. Pledges expected to be collected within one year total \$254,400 and those expected to be received between one and five years total \$1,853,000. Pledges are temporarily restricted for the capital campaign to construct new warehouse and distribution facilities.

Inventory

Inventory consists of donated food, purchased food, and USDA commodities. Inventory is stated at the lower of cost or market value. Donated food is reported at an average price of \$1.70 per pound based on a valuation done by Feeding America at the national level for 2015. Purchased food is valued at cost. USDA commodities are valued based on published USDA fair market values.

Property and Equipment

The Food Bank capitalizes expenditures for property and equipment in excess of \$2,500. Furniture and equipment are recorded at cost or, if donated, at their fair market value at date of gift. Donated assets 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 and equipment are reported as restricted support. The Food Bank reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor, and reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method over the estimated useful lives of the individual assets, which range from 3 to 30 years. Construction work in process on the new facilities is being capitalized as expenditures are made. Upon beginning operations in the new facilities, the Food Bank will depreciate the new building in accordance with their accounting policies. Maintenance and repair costs are charged to expense as incurred.

WEST TEXAS FOOD BANK
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

Under FASB ASC 958, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met in the reporting period in which they are recognized.

Support and Revenue Recognition

Under FASB ASC 958, contributions, grants, and other assets received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. Such contributions are required to be reported as temporarily restricted support and are then reclassified to unrestricted net assets upon expiration of the time restriction or accomplishment of a purpose restriction. Certain restricted support and revenues whose restrictions are met within the same reporting period are classified as unrestricted support. Unconditional promises to give are recorded as received. Those due within one year are classified as current and those due in more than one year are classified as long-term.

Endowment contributions are generally recorded as permanently restricted by the donor. Earnings on these contributed assets are available for distribution and therefore recorded as unrestricted net assets. Any donor restricted earnings are classified as temporarily or permanently restricted net assets based on the nature of the restriction. Upon release of any such restrictions, earnings would then be reclassified as unrestricted net assets.

Donated food and products are recorded as unrestricted support at fair market value on the date received and as an expense when the food and products are distributed to agencies and individuals. The fair value of donated food is explained in the Inventory note above. Donated services that create or enhance non-financial assets or that require specialized skills that would typically need to be purchased if not donated, are recorded at fair market value in the period received.

For certain food products, the Food Bank collects a shared maintenance fee of \$.15 (fifteen cents) per pound of food distributed to help offset costs of handling and redistribution. These charges totaled \$171,988 in 2015.

Contributed Services & Materials

The Food Bank receives a significant amount of donated services from a variety of unpaid volunteers who assist in various food distribution processes. The Food Bank also receives a substantial amount of donated items for fundraising special events from various donors. No amounts have been recognized in the accompanying statement of activities for services and materials for which no fair market value was obtained from donors since the criteria for such recognition has not been met under FASB ASC 958. Estimated fair value of donated volunteer service hours totaled approximately \$304,000 in 2015.

Functional Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities and statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**WEST TEXAS FOOD BANK
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Comparative Totals

The financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Food Bank's 2014 financial statements from which the summarized information was derived.

NOTE 2: INVENTORY

Inventory consisted of the following as of September 30, 2015:

Donated food					\$ 418,016
USDA commodities					31,595
Purchased food					190,502
					<u>\$ 640,113</u>
<u>Inventory turnover was as follows:</u>					
			Pounds	Pounds	
			<u>received</u>	<u>distributed</u>	
Donated food			3,573,588	3,293,212	
USDA commodities			1,254,654	694,419	
Purchased food			845,367	1,211,975	
Total distributed to agencies and individuals			<u>5,673,609</u>	<u>5,199,606</u>	
USDA commodities received and passed through to subrecipient - EPFH			2,326,044	2,326,044	
Total of all inventory received and distributed			<u>7,999,653</u>	<u>7,525,650</u>	

NOTE 3: PROPERTY & EQUIPMENT

Property and equipment consisted of the following as of September 30, 2015:

Buildings		\$ 684,651
Construction in progress		7,530,506
Improvements		237,468
Warehouse Equipment		153,498
Freezer/Cooler Units		324,124
Computer Equipment		155,589
Office Equipment		32,294
Vehicles		424,384
Land		672,575
		<u>10,215,089</u>
Accumulated Depreciation		<u>(1,314,511)</u>
Net Property & Equipment		<u>\$ 8,900,578</u>

Depreciation expense totaled \$107,014 in 2015.

**WEST TEXAS FOOD BANK
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 4: ENDOWMENT INVESTMENTS

The Food Bank received \$200,000 from a family charitable foundation in 1996. The donor explicitly stipulated that the principal was to be used to establish a permanent endowment fund from which only the income may be used to support operations. This donor-restricted endowment of \$200,000 is classified as permanently restricted net assets. The Food Bank has authority to direct the investments of the endowment. As of September 30, 2015, the original principal of \$200,000 is invested in an endowment fund with the Permian Basin Area Foundation.

The board of directors has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of any donor-restricted endowment funds absent explicit donor stipulations to the contrary. The Food Bank's original gift was not absent of donor stipulations. As a result of this interpretation, the Food Bank classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by SPMIFA.

In accordance with SPMIFA, the Food Bank considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) The duration and preservation of the fund (2) The purposes of the Food Bank and the donor-restricted endowment fund (3) General economic conditions (4) The possible effect of inflation and deflation (5) The expected total return from income and the appreciation of investments (6) Other resources of the Food Bank (7) The investment policies of the organization.

Any declines in the fair value of the assets of the donor-restricted endowment funds are classified as unrestricted in compliance with generally accepted accounting principles.

In 1996, the board of directors resolved to establish two separate endowment accounts of \$100,000 each from the donor-restricted gift of \$200,000. One account established was a money market mutual fund which was transferred into the Permian Basin Area Foundation endowment fund in October 2011.

In 1996, the board also established a permanent endowment fund with the Permian Basin Area Foundation (PBAF) by signing an endowment fund agreement which establishes a beneficial interest in assets held by the PBAF whereby the PBAF receives, accepts, administers, invests, and distributes the assets of the fund for the benefit of the Food Bank. The Food Bank is eligible to receive annual distributions of 5% of the market value as determined by the agreement. Excess earnings are reinvested into the fund. The Permian Basin Area Foundation is a community foundation that facilitates the creation of permanent charitable funds, in partnership with many donors. The PBAF qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Assets in the permanent funds of Permian Basin Area Foundation are invested with long-term objectives of corpus protection and value growth employing proven professional investment managers and diligent performance monitoring. The Foundation's investment strategy embraces a defined asset allocation model and disciplined re-balancing to maintain actual values within the allocation policy. The diversified portfolio includes positions in large cap, mid-cap, small cap, and international equities, equities, as well as fixed income securities.

**WEST TEXAS FOOD BANK
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 4: ENDOWMENT INVESTMENTS (Continued)

The PBAF's investment committee governs policy and monitors investment management and performance relative to standard benchmarks and peer group comparisons. This agreement was amended in 2011 to a) add a provision that distributions from the fund may be required by the PBAF if the accumulated distributable amount exceeds 15% of the total value of the fund; b) change the administrative fee from 2% to 1%, and c) agree to the Food Bank's request for certain funds to be invested by an investment firm.

The board of directors does not factor the earnings from the endowment assets as part of their operating budget annually. Any specific purchases to be made from these earnings are approved by the board at its discretion. The Food Bank is eligible to receive annual distributions of 5% of the fund's balance at the close of the third quarter of each year to be effective for the subsequent year. No funds were available for distribution as of September 30, 2015. Distributions taken during the fiscal year totaled \$80,171.

<u>Endowment net asset composition as of September 30, 2015:</u>			
<u>Board designated (unrestricted)</u>	<u>Cost</u>	<u>Fair Value</u>	
Permian Basin Area Foundation	\$ 369,162	\$ 389,462	
<u>Permanently Restricted (donor-restricted)</u>			
Permian Basin Area Foundation	200,000	200,000	
Total endowment investments	\$ 569,162	\$ 589,462	
	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment investments beginning of year	\$ 494,560	\$ 200,000	\$ 694,560
Distributions	(80,171)	-	(80,171)
<u>Investment return:</u>			
Interest & dividends	10,980	-	10,980
Unrealized gains (losses)	(22,827)	-	(22,827)
Realized gains (losses)	43	-	43
Management fees	(13,123)	-	(13,123)
Total investment return	(24,927)	-	(24,927)
Endowment investments end of year	\$ 389,462	\$ 200,000	\$ 589,462

**WEST TEXAS FOOD BANK
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 5: LONG-TERM DEBT

Long-term debt consisted of the following as of September 30, 2015:

\$5,000,000 construction note payable to a bank bearing interest at 2.59% annually. Repayments will be made on advances taken from this note as interest only payments for 24 months with any unpaid principal due beginning August 2017 and payable annually for each year thereafter. The note matures in August 2019 and is secured by a construction deed of trust on the new facility and warehouse in Odessa, Tx.	\$ 2,084,395
Note payable to a vehicle finance company bearing interest at 1.9% annually; matures in March 2019; payable in monthly installments of \$890 for 48 months; secured by 2015 Ford pickup truck	34,467
Zero percent note payable to a finance company, matures in October 2015; payable in monthly installments of \$1,076 for 36 months; secured by Primarius software	1,716
	2,120,578
Current maturities	(11,828)
Long-term debt	<u>\$ 2,108,750</u>
Maturities of long-term debt as of September 30 are as follows:	
	2016 11,828
	2017 282,695
	2018 290,025
	2019 1,536,030
	<u>\$ 2,120,578</u>
Interest expense on the above notes totaled \$485 in 2015. Interest payments on the construction note payable did not begin until October 2016.	
Interest expense of \$12,087 was paid on the note payable for the El Paso Commerce building which was paid off in 2015.	
<u>Construction note payable</u>	
In August 2015, the Food Bank secured an additional \$1,500,000 construction note payable bearing interest at 2.59% annually. Repayments will be made on advances taken from this note as interest only payments for 18 months with any unpaid principal due beginning February 2018 and payable annually for each year thereafter. The note matures in February 2020 and is secured by a construction deed of trust on the new facility and warehouse in Odessa, Tx.	
No draws were made on this note during the fiscal year and no balance is outstanding at year end.	

**WEST TEXAS FOOD BANK
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 6: FAIR VALUE MEASUREMENTS

The fair value measurement accounting literature (FASB ASC 820) 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 and have the highest priority, and Level 3 inputs are unobservable and have the lowest priority. The Food Bank uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Food Bank measures fair value using Level 1 or Level 2 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs were used only when Level 1 or Level 2 inputs were unavailable.

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

Level 2: Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

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

The following table sets forth, by level within the fair value hierarchy, the Food Bank’s investments:

				Fair Value Measurements at	
				Report Date Using:	
				Quoted Prices in	Significant
September 30, 2015				Active Markets for	Unobservable
				Identical Assets	Inputs
				<u>Fair Value</u>	<u>(Level 3)</u>
				<u>(Level 1)</u>	<u>(Level 3)</u>
Endowment - PBAF*			\$ 589,462	-	\$ 589,462

*As previously stated, the beneficial interest in assets held in the endowment by the Permian Basin Area Foundation are invested in a diversified portfolio of marketable equity and fixed income securities. A substantial portion of the underlying assets at the PBAF are measured at fair value using level 1 and 2 inputs. The Food Bank’s ownership in such investments is represented by an undivided interest in the portfolios managed by the PBAF. Since the Food Bank’s interest itself is not a publicly traded investment, it is valued as a level 3 input as defined by FASB ASC 820.

**WEST TEXAS FOOD BANK
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 6: FAIR VALUE MEASUREMENTS (Continued)

The changes in level 3 assets measured at fair value on a recurring basis are summarized in the following table:

PBAF endowment investments - beginning of year	\$694,560	
<u>Investment return:</u>		
Interest & dividends	10,980	
Unrealized gains (losses)	(22,827)	
Realized gains (losses)	43	
Management fees	(13,123)	
Total investment return	(24,927)	
Distributions	(80,171)	
PBAF endowment investments - end of year	<u>\$589,462</u>	

NOTE 7: TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets represent unspent contributions received and pledged for specific programs and purposes that will be satisfied by future purchases. Temporarily restricted net assets are as follows:

Capital campaign	\$6,268,618
Reeves County children and senior food programs	108,070
Toyah senior centers	18,751
Feeding America – food programs	<u>10,000</u>
Total	<u>\$6,405,439</u>

Net assets of \$5,594,484 were released from restrictions in 2015 by expending funds to satisfy restrictions.

Capital Campaign

Temporary restricted net assets of \$6,268,618 represent unspent funds raised through the Capital Campaign, a drive to raise funds to build new warehouse and distribution centers in Odessa and Midland, Texas to expand the services of the Food Bank in West Texas. During the fiscal year 2014-15, the Food Bank received monetary support and pledges of \$1,158,560. The Food Bank also received donated professional architect and engineer services valued at \$239,552 for the capital campaign. Cash and promises to give are restricted to payment of the cost of constructing the facilities. Restrictions are considered to expire when payments are made related to the capital campaign and construction of the new facilities. Since inception of the campaign, the cumulative pledge total of the capital campaign is approximately \$12,681,000. In addition, there is a conditional pledge of \$735,000 that will be recognized if the criteria of those conditions have been met by the Food Bank.

NOTE 8: RETIREMENT PLAN

The Food Bank offers participation in a Simple IRA plan for all eligible employees. Employees may contribute the maximum allowable limit of their eligible compensation as determined by the IRS annually. The Food Bank's contribution is 100% of the employees' contribution up to a maximum of 3% of eligible compensation. These contributions totaled \$15,678 in 2015.

**WEST TEXAS FOOD BANK
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 9: AFFILIATED ORGANIZATIONS

The Food Bank is a member of Feeding America, a national food bank network that provides financial and administrative resources to member food banks throughout the nation. Dues in 2015 totaled \$11,992.

The Food Bank is also a member of the Texas Food Bank Network, an alliance of food banks in the state of Texas who administers several programs and partnerships to aid in the relief of hunger in the state. Dues in 2015 totaled \$4,300.

NOTE 10: OPERATING LEASES

The Organization leases a warehouse, a vehicle, and trucks under non-cancelable operating leases. Original terms ranged from 36 – 78 months on these leases. Future minimum lease payments are as follows:

	<u>For the year ended September 30:</u>	<u>Amount</u>
	2016	\$ 113,418
	2017	96,456
	2018	87,383
	2019	30,550
	2020	10,650
		<u>\$ 338,457</u>

Rental payments under these leases totaled \$136,119 in 2015.

NOTE 11: CONCENTRATIONS OF CREDIT AND MARKET RISKS

The Food Bank maintains the majority of its cash deposits with a local bank. Noninterest-bearing deposits are now aggregated with any interest-bearing deposits the owner holds in the same category, and the combined total insured up to at least \$250,000. The Food Bank has not experienced any losses related to these accounts and believes there is no significant risk with respect to their deposits.

Through their endowment, the Food Bank has investments in various types of marketable debt and equity securities including professionally managed mutual funds, corporate bonds, common stocks, and exchange traded funds. Such investments are exposed to various risks, such as fluctuations in market value and credit risk. Thus, it is at least reasonably possible that changes in the near term could materially affect investment balances and the amounts reported in the financial statements.

NOTE 12: COMMITMENTS AND CONTINGENCIES

The Food Bank participates in both federal and state assisted programs. In connection with grants under these programs, the Food Bank is required to comply with specific terms and agreements, as well as applicable federal and state laws and regulations. Such compliance is subject to review and audit by the grantors and their representatives. In the opinion of management, the Food Bank has complied with all requirements. However, since such programs are subject to future audit or review, the possibility of disallowed expenditures exists. Management does not anticipate any such disallowances or questioned costs.

**WEST TEXAS FOOD BANK
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 12: COMMITMENTS AND CONTINGENCIES – (Continued)

In August 2014, the Food Bank entered into a contractual agreement for the construction of their new facilities and warehouse in Odessa, Texas for the contract sum of \$9,983,447. Construction in process totaled \$7,530,506 as of September 30, 2015. The Odessa facility was substantially completed in December 2015 and the Food Bank occupied the facility and began operations in January 2016.

The Food Bank has applied to participate in the New Market Tax Credit Program (NMTC) administered by the U.S. Dept. of the Treasury as a means to help fund the construction of their Midland facility. The goal of the NMTC program is to spur revitalization efforts of low-income and impoverished communities across the United States and Territories. The NMTC Program provides tax credit incentives to investors for equity investments in certified Community Development Entities, which invest in low-income communities. The City of Midland has declared the location for the facility as an empowerment zone, which is a significant requirement for the program.

NOTE 13: DIRECT MAIL

For the year ended September 30, 2015, direct mail produced the following results:

Direct mail contributions	\$690,470
Direct mail expense	<u>(177,957)</u>
Net direct mail results	<u>\$512,513</u>

NOTE 14: EL PASOANS FIGHTING HUNGER

In 2011, the board of directors of the West Texas Food Bank elected to establish the El Paso branch as an independent partner distribution organization. El Pasoans Fighting Hunger, Inc. (EPFH) was formed as an independent 501(c)(3) nonprofit corporation for this purpose. Effective January 1, 2013, EPFH is governed and operated separately, but will work closely with the West Texas Food Bank and will have at least one joint board meeting annually. Net assets including cash, inventory, property, and equipment totaling \$614,927 was transferred to EPFH in 2013. EPFH is considered a sub-recipient of the Food Bank for USDA commodities. Administration fees and commodities passed through to EPFH are disclosed in the accompanying schedule of expenditures of federal financial awards and the related notes.

NOTE 15: SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 28, 2016, the date which the financial statements were available to be issued. In December 2015, the Food Bank completed construction of their new Odessa facility and began food distribution and administrative operations out of the new facility in January 2016.

No other significant subsequent events have occurred that would require disclosure in the notes or recognition in the financial statements.

**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**

The Board of Directors of the West Texas Food Bank:

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the West Texas Food Bank (a nonprofit organization) (the Food Bank) which comprise the statement of financial position as of September 30, 2015, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated March 28, 2016.

Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, considered the Food Bank's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Food Bank's internal control. Accordingly, I do not express an opinion on the effectiveness of the Food Bank's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a 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.

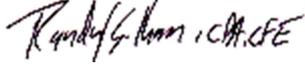
My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I 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 the Food Bank's financial statements are free from material misstatement, I 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 my audit, and accordingly, I 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 Food Bank'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Lubbock, Texas
March 28, 2016

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

The Board of Directors of the West Texas Food Bank:

Report on Compliance for Each Major Federal Program

I have audited the Food Bank's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Food Bank's major federal programs for the year ended September 30, 2015. The Food Bank's 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 federal programs.

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of the Food Bank's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my 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 Circular A-133 require that I 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 the Food Bank's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of the Food Bank's compliance.

Opinion on Each Major Federal Program

In my opinion, the Food Bank 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 September 30, 2015.

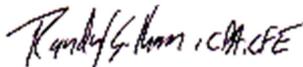
Report on Internal Control Over Compliance

Management of the Food Bank 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, I considered the Food Bank's 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, I do not express an opinion on the effectiveness of the Food Bank'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. A significant deficiency in internal control over compliance is a deficiency, or a 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.

My 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. I did not identify any deficiencies in internal control over compliance that I 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 our 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.



Lubbock, Texas
March 28, 2016

WEST TEXAS FOOD BANK
SCHEDULE OF EXPENDITURES OF FEDERAL FINANCIAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Program Award Number</u>	<u>Expenditures</u>
U.S. Department of Agriculture (USDA)			
Passed-through the Texas Department of Agriculture (TDA)			
Emergency Food Assistance Program - Food Commodities*	10.569	-	* \$ 476,957
Emergency Food Assistance Program - Administrative Costs	10.568	6TX810816	78,264
Summer Food Service Program	10.559	-	37,379
Child and Adult Care Food Program	10.558	-	217,946
SUBTOTAL for West Texas Food Bank			<u>810,546</u>
Passed-through to subrecipient - El Pasoans Fighting Hunger			
Emergency Food Assistance Program - Food Commodities*	10.569	-	* 1,454,509
Emergency Food Assistance Program - Administrative Costs	10.568	6TX810816	269,845
SUBTOTAL for subrecipient			<u>1,724,354</u>
SUBTOTAL - Texas Department of Agriculture			<u>2,534,900</u>
Passed-through Feeding Texas			
SNAP Nutrition Education Program (SNAP - Ed)	10.551	-	52,340
Social Services Outreach Grant Program	10.551	-	58,103
SUBTOTAL - Texas Health & Human Services Commission			<u>110,443</u>
TOTAL USDA			<u>2,645,343</u>
TOTAL EXPENDITURES OF FEDERAL FINANCIAL AWARDS			<u>\$ 2,645,343</u>

* Value of commodities redistributed

See accompanying notes to the schedule of expenditures of federal awards

WEST TEXAS FOOD BANK
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL FINANCIAL AWARDS
SEPTEMBER 30, 2015

NOTE 1: GENERAL

The accompanying schedule of expenditures of federal financial awards presents the activity of all federal financial assistance programs of West Texas Food Bank (a nonprofit organization) (the "Food Bank"). The information in this schedule is presented in accordance with OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations." This schedule is presented on the accrual basis of accounting.

NOTE 2: MAJOR PROGRAMS

Major programs are identified in the Summary of Auditor's Results section of the Schedule of Findings and Questioned Costs.

NOTE 3: FOOD DISTRIBUTION

Non-cash assistance is reported in the schedule at the fair market value of the commodities received and distributed. USDA food commodities inventory on hand totaled \$31,595 as of September 30, 2015.

NOTE 4: SUBRECIPIENTS

The Food Bank provided federal awards to its sub-recipient, El Pasoans Fighting Hunger, Inc., under the Emergency Food Assistance Program. Food commodities distributed under Federal CFDA Number 10.569 totaled \$1,454,509. Administration costs passed through totaled \$269,845 under Federal CFDA Number 10.568.

