

THE FOOD BANK OF CORPUS CHRISTI, INC.

FINANCIAL STATEMENTS AND
OTHER SUPPLEMENTAL INFORMATION

August 31, 2012 and 2011

THE FOOD BANK OF CORPUS CHRISTI, INC.

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GF Valdez, P.C.

A Public Accounting Firm

5430 Holly Road, Suite 1
Corpus Christi, Texas 78411
Phone 361-991-1650
Fax 361-991-1655

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
The Food Bank of Corpus Christi, Inc.
Corpus Christi, Texas

We have audited the accompanying statements of financial position of the Food Bank of Corpus Christi, Inc. (Food Bank) as of August 31, 2012 and 2011, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of Food Bank's management. 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 *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Food Bank of Corpus Christi, Inc. as of August 31, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in conformity with generally accepted accounting principles in the United States of America.

In accordance with *Governmental Auditing Standards*, we have also issued our report dated November 26, 2012 on our consideration of the Food Bank's 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audits.

GF Valdez, P.C.

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Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purpose of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

GF Valdez, P.C.

November 26, 2012

THE FOOD BANK OF CORPUS CHRISTI, INC.
STATEMENT OF FINANCIAL POSITION
August 31, 2012

<u>ASSETS</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Current Assets				
Cash and cash equivalents	\$ -	\$ 93,633	\$ -	\$ 93,633
Investments	1,469,574	258,619	-	1,728,193
Accounts receivable	63,891	-	-	63,891
Donated food inventory, net of salvage	464,860	365,434	-	830,294
Purchased food inventory	18,615	-	-	18,615
Other assets	42,475	-	-	42,475
Total Current Assets	<u>2,059,415</u>	<u>717,686</u>	<u>-</u>	<u>2,777,101</u>
Beneficial interest in assets held by				
Coastal Bend Community Foundation	524,903	-	136,000	660,903
Property and equipment, net				
of accumulated depreciation	<u>1,298,953</u>	<u>-</u>	<u>-</u>	<u>1,298,953</u>
Total Assets	<u>\$ 3,883,271</u>	<u>\$ 717,686</u>	<u>\$ 136,000</u>	<u>\$ 4,736,957</u>
 <u>LIABILITIES AND NET ASSETS</u>				
Liabilities				
Accounts payable	\$ 2,955	\$ -	\$ -	\$ 2,955
Deferred revenue - maintenance fees	14,183	-	-	14,183
Total Liabilities	<u>17,138</u>	<u>-</u>	<u>-</u>	<u>17,138</u>
Net Assets	<u>3,866,133</u>	<u>717,686</u>	<u>136,000</u>	<u>4,719,819</u>
Total Liabilities and Net Assets	<u>\$ 3,883,271</u>	<u>\$ 717,686</u>	<u>\$ 136,000</u>	<u>\$ 4,736,957</u>

The accompanying notes are an integral part of this financial statement.

THE FOOD BANK OF CORPUS CHRISTI, INC.
STATEMENT OF FINANCIAL POSITION
August 31, 2011

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<u>ASSETS</u>				
Current Assets				
Cash and cash equivalents	\$ -	\$ 109,351	\$ -	\$ 109,351
Investments	1,372,363	136,361	-	1,508,724
Accounts receivable	72,233	-	-	72,233
Donated food inventory, net of salvage	361,454	209,608	-	571,062
Purchased food inventory	20,967	-	-	20,967
Other assets	42,475	-	-	42,475
Total Current Assets	1,869,492	455,320	-	2,324,812
Beneficial interest in assets held by				
Coastal Bend Community Foundation	492,017	-	136,000	628,017
Property and equipment, net				
of accumulated depreciation	1,221,362	-	-	1,221,362
Total Assets	\$ 3,582,871	\$ 455,320	\$ 136,000	\$ 4,174,191
<u>LIABILITIES AND NET ASSETS</u>				
Liabilities				
Accounts payable	\$ 43,835	\$ -	\$ -	\$ 43,835
Deferred revenue - maintenance fees	14,773	-	-	14,773
Total Liabilities	58,608	-	-	58,608
Net Assets	3,524,263	455,320	136,000	4,115,583
Total Liabilities and Net Assets	\$ 3,582,871	\$ 455,320	\$ 136,000	\$ 4,174,191

The accompanying notes are an integral part of this financial statement.

THE FOOD BANK OF CORPUS CHRISTI, INC.
STATEMENT OF ACTIVITIES
For the Year Ended August 31, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues, gains and other support:				
Grants:				
USDA commodities	\$ -	\$ 2,056,249	\$ -	\$ 2,056,249
Neighborhood diabetes program	-	297,845	-	297,845
USDA administrative cost reimbursement	190,340	-	-	190,340
Mobile pantry income	56,836	-	-	56,836
TFBN Outreach reimbursement	50,196	-	-	50,196
Produce	50,000	-	-	50,000
USDA nutrition education reimbursement	43,250	2,400	-	45,650
FEMA	-	10,000	-	10,000
Total grants	<u>390,622</u>	<u>2,366,494</u>	<u>-</u>	<u>2,757,116</u>
Value of donated food inventory, net of food scrapped of \$879,060	5,847,097	-	-	5,847,097
Donations and private grants	1,053,631	311,304	-	1,364,935
Handling fees	486,184	-	-	486,184
Special events, net of expenses of \$9,032	53,342	3,000	-	56,342
Change in value of amount held with Coastal Bend Community Foundation	45,955	-	-	45,955
Dividend and interest income	42,498	-	-	42,498
Unrealized gains on investments	14,923	-	-	14,923
Gain on sale of property and equipment	4,050	-	-	4,050
Miscellaneous income	2,671	-	-	2,671
Net assets released from restrictions	<u>2,418,432</u>	<u>(2,418,432)</u>	<u>-</u>	<u>-</u>
Total revenues, gains and other support	<u>10,359,405</u>	<u>262,366</u>	<u>-</u>	<u>10,621,771</u>
Expenses:				
Program expenses	9,449,563	-	-	9,449,563
Supporting services:				
Administrative	379,811	-	-	379,811
Fundraising	188,161	-	-	188,161
Total expenses	<u>10,017,535</u>	<u>-</u>	<u>-</u>	<u>10,017,535</u>
Increase in Net Assets	341,870	262,366	-	604,236
Net Assets, August 31, 2011	<u>3,524,263</u>	<u>455,320</u>	<u>136,000</u>	<u>4,115,583</u>
Net Assets, August 31, 2012	<u>\$ 3,866,133</u>	<u>\$ 717,686</u>	<u>\$ 136,000</u>	<u>\$ 4,719,819</u>

The accompanying notes are an integral part of this financial statement.

THE FOOD BANK OF CORPUS CHRISTI, INC.
STATEMENT OF ACTIVITIES
For the Year Ended August 31, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues, gains and other support:				
Grants:				
USDA commodities	\$ -	\$ 2,914,808	\$ -	\$ 2,914,808
USDA administrative cost reimbursement	185,908	-	-	185,908
Neighborhood diabetes program	-	79,477	-	79,477
Mobile pantry income	53,224	-	-	53,224
USDA nutrition education reimbursement	51,368	-	-	51,368
Produce	50,000	-	-	50,000
TFBN Outreach reimbursement	45,316	-	-	45,316
Total grants	385,816	2,994,285	-	3,380,101
Value of donated food inventory, net of food scrapped of \$692,734	3,871,411	-	-	3,871,411
Donations and private grants	762,418	182,392	-	944,810
Handling fees	453,144	-	-	453,144
Coastal Bend Community Foundation	70,796	-	-	70,796
Special events, net of expenses of \$12,615	51,533	10,000	-	61,533
Dividend and interest income	25,969	-	-	25,969
Miscellaneous income	12,935	-	-	12,935
Unrealized losses on investments	8,633	-	-	8,633
Change in value of amount held with Net assets released from restrictions	3,414,995	(3,414,995)	-	-
Total revenues, gains and other support	9,057,650	(228,318)	-	8,829,332
Expenses:				
Program expenses	8,573,733	-	-	8,573,733
Supporting services:				
Administrative	321,155	-	-	321,155
Fundraising	160,466	-	-	160,466
Total expenses	9,055,354	-	-	9,055,354
Increase (Decrease) in Net Assets	2,296	(228,318)	-	(226,022)
Net Assets, August 31, 2010	3,521,967	683,638	136,000	4,341,605
Net Assets, August 31, 2011	\$ 3,524,263	\$ 455,320	\$ 136,000	\$ 4,115,583

The accompanying notes are an integral part of this financial statement.

THE FOOD BANK OF CORPUS CHRISTI, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended August 31, 2012

	Program Services	Supporting Services			Total Expenses
		Administrative	Fundraising	Total	
Food distributed	\$ 7,860,916	\$ -	\$ -	\$ -	\$ 7,860,916
Salaries and wages	518,431	255,346	-	255,346	773,777
Outreach expense	200,822	-	-	-	200,822
Fundraising expense	-	-	185,282	185,282	185,282
Insurance	95,385	46,981	-	46,981	142,366
Depreciation expense	106,610	15,199	-	15,199	121,809
Food purchases	115,737	-	-	-	115,737
Repairs and maintenance	73,069	-	-	-	73,069
Produce expense	68,570	-	-	-	68,570
Mobile pantry expense	67,450	-	-	-	67,450
Payroll tax expense	40,434	19,916	-	19,916	60,350
Nutrition education expense	59,101	-	-	-	59,101
Truck and van expenses	55,836	-	-	-	55,836
Utilities	42,745	6,107	-	6,107	48,852
Warehouse expenses	36,611	-	-	-	36,611
Office expense	12,954	12,955	2,879	15,834	28,788
Membership fees	20,825	-	-	-	20,825
Miscellaneous	20,451	-	-	-	20,451
Freight expenses	19,695	-	-	-	19,695
Storage	19,586	-	-	-	19,586
Professional fees	-	14,718	-	14,718	14,718
Travel expenses	7,072	7,072	-	7,072	14,144
Bank fees	3,081	1,517	-	1,517	4,598
Postage	4,182	-	-	-	4,182
	<u>\$ 9,449,563</u>	<u>\$ 379,811</u>	<u>\$ 188,161</u>	<u>\$ 567,972</u>	<u>\$ 10,017,535</u>

The accompanying notes are an integral part of this financial statement.

THE FOOD BANK OF CORPUS CHRISTI, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended August 31, 2011

	Program Services	Supporting Services			Total Expenses
		Administrative	Fundraising	Total	
Food distributed	\$ 7,187,583	\$ -	\$ -	\$ -	\$ 7,187,583
Salaries and wages	421,079	207,397	-	207,397	628,476
Outreach expense	184,255	-	-	-	184,255
Fundraising	-	-	157,384	157,384	157,384
Insurance	77,702	38,271	-	38,271	115,973
Depreciation expense	100,767	13,683	-	13,683	114,450
Repairs and maintenance	90,730	-	-	-	90,730
Food purchases	77,402	-	-	-	77,402
Nutrition education expense	74,051	-	-	-	74,051
Produce expense	58,623	-	-	-	58,623
Utilities	49,327	7,047	-	7,047	56,374
Payroll tax expense	32,179	15,849	-	15,849	48,028
Mobile pantry expense	43,994	-	-	-	43,994
Truck and van expenses	42,795	-	-	-	42,795
Office expense	13,868	13,867	3,082	16,949	30,817
Freight expenses	29,652	-	-	-	29,652
Storage	24,633	-	-	-	24,633
Travel expenses	10,592	10,591	-	10,591	21,183
Warehouse expenses	16,872	2,410	-	2,410	19,282
Membership fees	16,253	-	-	-	16,253
Professional fees	-	10,784	-	10,784	10,784
Miscellaneous	9,663	-	-	-	9,663
Postage	5,084	-	-	-	5,084
Kids Café expenses	4,079	-	-	-	4,079
Bank fees	2,550	1,256	-	1,256	3,806
	<u>\$ 8,573,733</u>	<u>\$ 321,155</u>	<u>\$ 160,466</u>	<u>\$ 481,621</u>	<u>\$ 9,055,354</u>

The accompanying notes are an integral part of this financial statement.

THE FOOD BANK OF CORPUS CHRISTI, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended August 31, 2012 and 2011

	2012	2011
Cash flows from operating activities:		
Increase (Decreased) in net assets	\$ 604,236	\$ (226,022)
Adjustments to reconcile net assets to net cash provided by operating activities		
Depreciation	121,809	114,450
Donation of property & equipment	(33,000)	(59,807)
Unrealized (gains) losses on investments	(49,374)	11,508
Gain on sale of property and equipment	(4,050)	222
In-kind contribution of food and non-food items	(8,792,752)	(7,478,953)
Distributions of in-kind food and non-food items	8,533,520	7,737,243
Increase in beneficial interest held at Coastal Bend Community Foundation	(32,886)	(79,787)
Decrease (increase) in:		
Accounts receivable	8,342	1,039
Purchased inventory	2,352	26,497
Increase (decrease) in:		
Accounts payable	(40,880)	(5,482)
Accrued expenses	(590)	11,978
	316,727	52,886
Cash flows from investing activities:		
Purchases of investments	(574,427)	(1,318,880)
Redemption of investments	404,332	1,174,931
Proceeds from sale of property and equipment	4,050	-
Capital expenditures	(166,400)	(172,034)
	(332,445)	(315,983)
Cash flows from financing activities:	-	-
Net change in cash	(15,718)	(263,097)
Cash at beginning of year	109,351	372,448
Cash at end of year	\$ 93,633	\$ 109,351

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

THE FOOD BANK OF CORPUS CHRISTI, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended August 31, 2012 and 2011

NOTE 1 – NATURE OF ACTIVITIES

The Food Bank of Corpus Christi, Inc. (Food Bank) is a Texas non-profit Corporation that began operations on September 1, 1982. The Food Bank's purpose is to collect and warehouse salvageable food, which has been donated by organizations and businesses, and distribute it to other non-profit agencies (agencies) which feed and distribute food to low-income families and individuals. The Food Bank services agencies within an eleven county area of South Texas. In addition to collecting and distributing food, the Food Bank operates a nutrition education program to increase peoples' ability to purchase and prepare their own food, including diabetes education. Funding is provided primarily by donated commodities obtained from a nationwide network of sources including supermarket chains, the United States Department of Agriculture and food drives. The value of commodities received from supermarket chains were \$4,423,948 and \$2,444,154, (42% and 28% of revenues), for the years ended August 31, 2012 and 2011, respectively.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Food Bank prepares its financial statements under the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America.

Financial Statement Presentation

The Financial Accounting Standards Board (FASB) issued FASB ASC 958-205, "Not for Profit Entities-Presentation of Financial Statements." The Food Bank follows the provisions of FASB ASC 958-205. Under FASB ASC 958-205, the Food Bank is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted net assets.

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

Temporarily restricted assets – Net assets subject to donor-imposed stipulations that may be met, either by actions of the organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the organization. Generally, the donors of these assets permit the Food Bank to use all or part of the income earned on any related investments for general or specific purposes.

THE FOOD BANK OF CORPUS CHRISTI, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended August 31, 2012 and 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

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

Cash and Cash Equivalents

For purposes of cash flows, the Food Bank considers investments available for current use with an initial maturity date of three months or less to be cash equivalents. The Food Bank maintains its cash in bank deposit accounts which, at times, may exceed the federally insured limits of up to \$250,000 under the Federal Deposit Insurance Corporation (FDIC). Management believes it is not exposed to any significant risk on cash accounts.

Shared Maintenance Fees

The Food Bank receives fees from participating agencies to assist in the costs of distributing food. These shared maintenance fees are based on predetermined rates from \$0.00 to \$.14 per pound.

Accounts Receivable

Accounts receivable represent amounts due from agencies and others and are stated at the amount the Food Bank expects to collect for shared maintenance fees and grants from government agencies. Provision for losses on receivables is made when considered necessary to maintain an adequate allowance to cover bad debts. Receivables are charged against the allowance when the Food Bank determines that payments will not be received. Any subsequent receipts are credited to the allowance. As of August 31, 2012 and 2011, management estimates that no reserve for losses on receivables is required.

Investments

The Food Bank adopted FASB ASC 958-320. Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the statements of financial position. The unrealized gain or loss on investments is included as a component of investment income in the statements of activities. In addition, the Food Bank invests in a money market fund, classified as cash equivalent, which is held with by a financial institution of high credit quality. These funds are insured by the Securities Investor Protection Corporation (SPIC). The Food Bank has not experienced any realized losses on such amounts.

Reclassifications

Certain amounts in the prior year, none affecting net income, have been reclassified in order to be consistent with the current year presentation.

THE FOOD BANK OF CORPUS CHRISTI, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended August 31, 2012 and 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Conditional Promises to Give

Conditional promises to give depend on the occurrence of a specified future and uncertain event to bind the donor. These contributions are recognized only when the conditions are met. If any contributions are received prior to the conditions being met, the assets will be accounted for as a liability. Once the conditions are met, the liability is removed and revenue is recognized.

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation. Gifts or contributions of property and equipment are recorded at the asset's fair market value at the time received. Depreciation is calculated using the straight-line method over useful lives of the assets, ranging from three to seven years for vehicles, office furniture and equipment and fifteen to thirty-nine years for buildings and building improvements. Maintenance and repairs that do not increase the useful life of the asset are expensed as incurred while major additions and improvements that do increase the useful life of the asset are capitalized. When items are disposed of, the cost and accumulated depreciation are eliminated from the records of accounts and any gains or losses are reported in the change in net assets.

Inventory

Inventory is stated at the lower of cost or market determined by the first-in, first-out method. Inventory consists of donated food and non-food items, purchased food, and commodities received from the United States Department of Agriculture (USDA). Donated food and non-food items were valued at \$1.66 and \$1.60 per pound for the years ended August 31, 2012 and 2011, respectively. This valuation is based on cost studies conducted for America's Second Harvest. Purchased food is valued at the latest purchase price. USDA commodities are valued based on published USDA fair market values. USDA commodities and FEMA purchased inventory amounts as of August 31, 2012 and 2011 are restricted to distribution programs serving low-income families and individuals. Therefore, the value of these ending inventories is reflected as a temporarily restricted asset in the statement of financial position. Accordingly, the distribution of these commodities is reflected in the statement of activities as assets released from restriction.

Contributions

The Food Bank follows the Financial Accounting Standards Board's (FASB) ASC 958-605. The provisions of the FASB ASC 958 state, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and nature of any donor restrictions. Restricted contributions are reported as increases in restricted net assets. When the restriction is met the amount is shown as a reclassification of restricted assets to unrestricted net assets. The Food Bank receives a significant amount of donated services from unpaid volunteers who assist in the warehouse. However, the value of these services has not been recognized in the statement of activities since they do not meet the criteria for recognition under FASB ASC 958.

THE FOOD BANK OF CORPUS CHRISTI, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended August 31, 2012 and 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Allocation of Functional Expenses

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

Donated Services

The Food Bank receives services donated from its members in carrying out the Food Bank's operations. However, no amounts have been recognized in the statement of activities since they do not meet the criteria for recognition under FASB ASC 958-605-25. The Food Bank received 25,233 hours of services from 3,311 volunteers for the year ending August 31, 2012. The Food Bank received 23,538 hours of services from 4,620 volunteers for the year ending August 31, 2011. Volunteers assisted in sorting food items. No amounts have been recognized in the financial statements for these volunteer hours because they do not meet the criteria for recognition.

Donated Property and Equipment

Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in unrestricted net assets 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 contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Food Bank reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed net assets at that time.

Income Taxes

The Food Bank is exempt from federal income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes had been made in the accompanying statements. The Food Bank's Form 990, Return of Organization Exempt from Income Tax, for the years ending 2009, 2010, and 2011 are subject to examination by the IRS, generally for three years after they were filed.

Date of Management's Review

Management of the Food Bank has evaluated subsequent events for disclosure through November 26, 2012, the date the financial statements were available to be issued.

THE FOOD BANK OF CORPUS CHRISTI, INC.
 NOTES TO THE FINANCIAL STATEMENTS
 For the Years Ended August 31, 2012 and 2011

NOTE 3 – CONDITIONAL PROMISES TO GIVE

The Food Bank had a conditional promise of \$575,941 at August 31, 2012, representing a grant from a community foundation to support its diabetes program. The Food Bank did not have conditional promises to give for the year ending August 31, 2011.

NOTE 4 – CONTINGENCIES

Financial awards from federal, state, and local governmental entities in the form of grants are subject to special audit. Such audits could result in claims against the Food Bank for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this date. The Food Bank expects such amounts, if any, to be immaterial.

NOTE 5 – INVESTMENTS

Investments in marketable securities consisted of the following:

	<u>Cost</u>	<u>Unrealized Gains</u>	<u>Unrealized Losses</u>	<u>Fair Value</u>
<u>August 31, 2012</u>				
Certificates of Deposit	\$1,195,193	\$ --	\$ --	\$ 1,195,193
Mutual Funds – Equity	344,432	33,073	--	377,505
Mutual Funds – Fixed Income	152,852	--	--	152,852
Common Stock	<u>2,643</u>	<u>--</u>	<u>--</u>	<u>2,643</u>
	<u>\$1,695,120</u>	<u>\$ 33,073</u>	<u>\$ --</u>	<u>\$ 1,728,193</u>
<u>August 31, 2011</u>				
Certificates of Deposit	\$1,033,292	\$ --	\$ --	\$ 1,033,292
Mutual Funds – Equity	339,499	--	8,419	331,080
Mutual Funds – Fixed Income	144,776	--	3,089	141,687
Common Stock	<u>2,665</u>	<u>--</u>	<u>--</u>	<u>2,665</u>
	<u>\$1,520,232</u>	<u>\$ --</u>	<u>\$ 11,508</u>	<u>\$ 1,508,724</u>

Net interest and dividend income for the years ending August 31, 2012 and 2011 were \$42,498 and \$25,969, respectively. No realized gains or losses were recognized for the years ended August 31, 2012 and 2011.

THE FOOD BANK OF CORPUS CHRISTI, INC.
 NOTES TO THE FINANCIAL STATEMENTS
 For the Years Ended August 31, 2012 and 2011

NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of August 31:

	<u>2012</u>	<u>2011</u>
Building and improvements	\$ 1,188,482	\$ 1,110,810
Warehouse and freezer	506,484	427,885
Furniture and equipment	269,515	236,188
Vehicles	480,051	493,017
Land	<u>135,605</u>	<u>135,605</u>
	2,580,137	2,403,505
Less: Accumulated depreciation	<u>(1,281,184)</u>	<u>(1,182,143)</u>
Property and equipment, net	<u>\$ 1,298,953</u>	<u>\$ 1,221,362</u>

Depreciation expense for the years ended August 31, 2012 and 2011 totaled \$121,809 and \$114,450, respectively.

NOTE 7 – INVENTORY

Inventory consisted of the following as of August 31:

	<u>2012</u>		<u>2011</u>	
	<u>Pounds</u>	<u>Dollars</u>	<u>Pounds</u>	<u>Dollars</u>
Donated inventory:				
Donated inventory	280,036	\$ 464,860	225,757	\$ 361,211
USDA commodities	<u>220,141</u>	<u>365,434</u>	<u>131,005</u>	<u>209,608</u>
	<u>500,177</u>	<u>\$ 830,294</u>	<u>356,762</u>	<u>\$ 570,819</u>
Purchased food inventory:				
FEMA purchased inventory	12,376	\$ 18,615	20,670	\$ 20,967
Other purchased inventory	<u>--</u>	<u>--</u>	<u>2,431</u>	<u>243</u>
	<u>12,376</u>	<u>\$ 18,615</u>	<u>23,101</u>	<u>\$ 21,210</u>

THE FOOD BANK OF CORPUS CHRISTI, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended August 31, 2012 and 2011

NOTE 8 – CONCENTRATIONS

The Food Bank receives a large portion of its food supplies from the U.S. Department of Agriculture via the Emergency Food Assistance Programs. For the years ending August 31, 2012 and 2011, these commodities comprised approximately 23% and 38%, respectively, of the total value of all donated food received. A grant to reimburse administrative costs with the U.S. Department of Agriculture provided approximately 48% and 72% of the assistance necessary to fund the administrative operations of the Food Bank for the years ending August 31, 2012 and 2011, respectively.

NOTE 9 – RETIREMENT PLAN

The Food Bank adopted a Plan effective March 28, 2008 for all employees of the organization. Benefits depend solely on amounts contributed to the Plan plus investment earnings. Under the terms of the Plan, the Food Bank matches employee contributions to the Plan, up to 5% of the employee's salary. All employees who earn at least \$5,000 in compensation and are employed by the Food Bank for more than six months are eligible to participate. Employees are 100% vested as of the enrollment date. The total employer contributions for this Plan were \$14,641 and \$8,433 for the years ending August 31, 2012 and 2011, respectively.

NOTE 10 – OPERATING LEASES

The Food Bank has several non-cancelable operating leases, primarily for use of copier equipment. Those leases generally contain renewal options for various periods and require the Food Bank to pay all executor costs such as taxes, maintenance, and insurance. Total lease expense for 2012 and 2011 was \$6,160 and \$4,803, respectively. Future minimum lease payments under operating leases that have remaining terms in excess of one year as of August 31, 2012, are:

<u>Year</u>	<u>Amount</u>
2013	\$ 4,736
2014	1,357
2015	<u>1,244</u>
Total	\$ <u>7,337</u>

THE FOOD BANK OF CORPUS CHRISTI, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended August 31, 2012 and 2011

NOTE 11 – RESTRICTED NET ASSETS

Temporarily restricted net assets as of August 31 were available for the following purposes:

	<u>2012</u>	<u>2011</u>
Commodities for distribution:		
USDA commodities	\$ 365,434	\$ 209,608
FEMA purchased inventory	<u> --</u>	<u> --</u>
	365,434	209,608
Mobile pantry	125,000	29,230
Kid's Cafe program	117,493	119,770
Diabetes program	47,051	--
Disaster relief	24,319	24,319
Back pack program	17,373	4,148
Agency handling fees	10,460	10,460
Nutrition education	5,400	3,000
Food purchases	3,427	36,661
Equipment purchases	800	12,120
FEMA purchases	658	1,004
Fundraiser expenses	<u>271</u>	<u>5,000</u>
Total temporarily restricted net assets	<u>\$ 717,686</u>	<u>\$ 455,320</u>

Net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors as follows:

	<u>2012</u>	<u>2011</u>
Restrictions accomplished:		
USDA commodities distributions	\$ 1,900,423	\$ 3,042,552
Neighborhood diabetes program	250,794	145,731
Food purchases	95,146	86,533
Asset purchases	56,970	800
Back pack expenses	36,194	19,352
Kid's Cafe program expenses	31,600	58,355
Mobile pantry expenses	29,230	43,994
FEMA food distributions	10,346	12,678
Fundraiser expenses	<u>7,729</u>	<u>5,000</u>
Total net assets released from restriction	<u>\$ 2,418,432</u>	<u>\$ 3,414,995</u>

THE FOOD BANK OF CORPUS CHRISTI, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended August 31, 2012 and 2011

NOTE 12 – BENEFICIAL INTEREST IN ASSETS HELD BY COASTAL BEND COMMUNITY
FOUNDATION

The Food Bank entered into an Agency Endowment Agreement (Agreement) with the Coastal Bend Community Foundation (CBCF) to establish an Endowment Fund (Fund) effective October 26, 1999. Under this agreement, the Fund shall be used solely for the charitable and educational purpose of the Food Bank and its programs. Net income of the Fund shall be distributed only at the Food Bank's request to the Food Bank or its designee. Distributions in excess of the net income of the Fund shall be made only to the Food Bank or its designee in any year as recommended in writing by a majority of the Food Bank's trustees and approval by the CBCF. The entire balance may be withdrawn over a three-month period. However, \$136,000 of the Fund is permanently restricted and is to be held by the Food Bank indefinitely. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. No contributions or distributions were made from the Fund for the years ended August 31, 2012 and 2011.

The Food Bank 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 donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Food Bank classifies as permanently restricted net assets (1) the original value of gifts donated to the permanent endowment, (2) the original value of subsequent gifts to the permanent endowment, and (3) 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 Food Bank 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 various funds, (2) the purposes of the donor-restricted endowment funds, (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 and (7) the Food Bank's investment policies.

The Food Bank has adopted investment and spending policies for endowment assets that attempt to subject the fund to charitable and educational purposes of the Food Bank and its programs. The Food Bank may expend the endowment fund's investment income for charitable and educational services as needed. This is consistent with the Food Bank's objectives to collect salvageable food and distribute it to other non-profit agencies (agencies) which feed and distribute food to low-income families and individuals.

THE FOOD BANK OF CORPUS CHRISTI, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended August 31, 2012 and 2011

NOTE 13 – FAIR VALUE MEASUREMENTS

The fair value measurement in accordance with current accounting standards, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted process in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). In order to increase the transparency of in financial reporting of fair value measurements, FASB noted that due to different degrees of subjectivity and reliability on fair value measurements between the hierarchy levels, additional information regarding level 3 investments and risks associated with various investments, additional clarification was necessary. In accordance with Accounting Standards Codification 820-10, disclosures for fair value are required to include:

- Transfers between level 1 and level 2 investments
- Activity in level 3 fair value measurements is enhanced
- Disaggregation from major asset category to major asset class

When determining the appropriate level of disaggregation, it is necessary to evaluate the activity of business sector, vintage, geographic concentration, credit quality and economic characteristics.

Level 1 Fair Value Measurements

These are inputs representing unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability at the measurement date.

Level 2 Fair Value Measurements

These are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liability (for example interest rates, volatilities, credit risks and default rates) or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 Fair Value Measurements

These are significant unobservable inputs that reflect an entity's own assumptions that market participants would use in pricing the assets or liabilities.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. There have been no changes in the methodologies used at August 31, 2012 and 2011.

THE FOOD BANK OF CORPUS CHRISTI, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended August 31, 2012 and 2011

NOTE 13 – FAIR VALUE MEASUREMENTS (continued)

The Food Bank’s investments are reported at fair value in the accompanying statement of financial position. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Food Bank believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The fair value measurements and levels within the fair value hierarchy of those measurements for the assets and liabilities reported at fair value on a recurring basis at August 31, 2012 and 2011 are as follows:

	<u>Fair Value Measurements at Reporting Date Using</u>			
		Quoted Prices In Active Markets for Identical Assets/ Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	<u>Fair Value</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
<u>August 31, 2012</u>				
Certificates of Deposit	\$ 1,195,193	\$ 1,195,193	\$ --	\$ --
Mutual funds-equity	377,505	377,505	--	--
Mutual funds-fixed income	152,852	152,852	--	--
Common Stock	2,643	2,643	--	--
Beneficial interest in assets held by the Coastal Bend Community Foundation	<u>660,903</u>	<u>660,903</u>	<u>--</u>	<u>--</u>
Total	<u>\$ 2,389,096</u>	<u>\$ 2,389,096</u>	<u>\$ --</u>	<u>\$ --</u>
<u>August 31, 2011</u>				
Certificates of Deposit	\$ 1,033,292	\$ 1,033,292	\$ --	\$ --
Mutual funds-equity	331,080	331,080	--	--
Mutual funds-fixed income	141,687	141,687	--	--
Common Stock	2,665	2,665	--	--
Beneficial interest in assets held by the Coastal Bend Community Foundation	<u>628,017</u>	<u>628,017</u>	<u>--</u>	<u>--</u>
Total	<u>\$ 2,136,741</u>	<u>\$ 2,136,741</u>	<u>\$ --</u>	<u>\$ --</u>

To estimate their fair value, the Food Bank uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities, in other words the market approach.

THE FOOD BANK OF CORPUS CHRISTI, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended August 31, 2012

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant Period	Receipts	Disbursements
<u>U.S. Department of Agriculture</u>				
Passed Through the				
Texas Health and Human Services Commission:				
<u>The Emergency Food Assistance - Cluster</u>				
Texas Department of Agriculture				
Emergency Food Assistance Program (Food Commodities)	10.569	10/01/11 - 9/30/12	\$ 2,056,249	\$ 1,900,423
Texas Department of Agriculture				
Emergency Food Assistance Program (Administrative Costs)	10.568	10/01/11 - 9/30/12	183,409	183,409
Supplemental Nutrition Assistance Program				
	10.561	10/01/11 - 9/30/12	53,217	53,217
Passed Through the				
Texas Food Bank Network:				
Food Stamp Outreach	N/A	10/01/11 - 9/30/12	<u>50,125</u>	<u>48,509</u>
Total U.S. Department of Agriculture			<u>2,343,000</u>	<u>2,185,558</u>
 <u>Federal Emergency Management Agency</u>				
Passed Through the				
United Way of America:				
Emergency Food and Shelter Program	97.024	10/01/11 - 9/30/12	<u>\$ 10,000</u>	<u>\$ 10,000</u>
Total Federal Awards			<u><u>\$ 2,353,000</u></u>	<u><u>\$ 2,195,558</u></u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

THE FOOD BANK OF CORPUS CHRISTI, INC.
 NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended August 31, 2012

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the Food Bank of Corpus Christi, Inc. under programs of the federal government for the year ended August 31, 2012. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the Food Bank, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Food Bank. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Pass-through entity indentifying numbers are presented where available.

NOTE 3 – RECONCILIATION OF FEDERAL AWARDS TO THE FINANCIAL STATEMENTS

Total expenditures of federal awards	\$ 2,195,558
Non-federal expenditures	<u>7,821,977</u>
 Total expenses per statement of activities	 <u>\$ 10,017,535</u>

The Food Bank considers all USDA donated foods distributed or used in a fiscal year as expended for purposes of the schedule of expenditures of federal awards. Therefore, there are differences in amounts reported on the statement of activities as revenues and amounts reported on the schedule of expenditures of federal awards as expenditures. The following table reconciles these amounts.

Total federal awards per the statement of activities	\$ 2,056,249
Change in USDA inventories	<u>139,309</u>
 Total expenditures of federal awards	 <u>\$ 2,195,558</u>

THE FOOD BANK OF CORPUS CHRISTI, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended August 31, 2012

NOTE 4 – FOOD DONATION

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. As of August 31, 2012, the Food Bank had \$365,434 of USDA commodities in inventory.

GF Valdez, P.C.

A Public Accounting Firm

5430 Holly Road, Suite 1
Corpus Christi, Texas 78411
Phone 361-991-1650
Fax 361-991-1655

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT PERFORMED
IN ACCORDANCE WITH *GOVERNMENTAL AUDITING STANDARDS*

To the Board of Directors
Food Bank of Corpus Christi, Inc.
Corpus Christi, Texas

We have audited the financial statements of the Food Bank of Corpus Christi, Inc. (Food Bank) as of and for the year then ended August 31, 2012 and have issued our report thereon dated November 26, 2012. We conducted our audit in accordance with generally accepted auditing standards in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

Management of the Food Bank of Corpus Christi, Inc. is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Food Bank's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Food Bank's internal control effectiveness over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Food Bank's internal control over financial reporting.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any internal control over financial reporting that we consider to be material weaknesses, as defined above.

GF Valdez, P.C.

A Public Accounting Firm

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Phone 361-991-1650
Fax 361-991-1655

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Food Bank's financial statements are free of 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 do not disclose instances of noncompliance or other matters that are required to be reported under Governmental Auditing Standards.

This report is intended solely for the information and use of the Board of Directors, management, federal awarding agencies and pass-through entities and is not intended to be used and should not be used by anyone other than these specified parties.

GF Valdez, P.C.

November 26, 2012

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT
ON EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Directors
Food Bank of Corpus Christi, Inc.
Corpus Christi, Texas

Compliance

We have audited the compliance of the Food Bank of Corpus Christi, Inc. (Food Bank) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2012. 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Food Bank's management. Our responsibility is to express an opinion on the Food Bank's compliance based on our audit.

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 *Governmental Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on 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 we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Food Bank's compliance with those requirements.

In our opinion, the Food Bank of Corpus Christi, Inc. complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2012.

GF Valdez, P.C.

A Public Accounting Firm

5430 Holly Road, Suite 1
Corpus Christi, Texas 78411
Phone 361-991-1650
Fax 361-991-1655

Internal Control over Compliance

Management of the Food Bank is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Food Bank's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance 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 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.

Our consideration of the 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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Directors, management, federal awarding agencies and pass-through entities and is not intended to be used and should not be used by anyone other than these specified parties.

GF Valdez, P.C.

November 26, 2012

THE FOOD BANK OF CORPUS CHRISTI, INC.
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the Year Ended August 31, 2012

A	SUMMARY OF AUDIT RESULTS	
	<u>Financial Statements</u>	
	Type of auditor's report issued:	Unqualified
	<u>Internal control over financial reporting:</u>	
	• Material Weakness Identified?	No
	• Significant Deficiencies identified not considered to be a material weakness?	No
	• Noncompliance material to the financial statements?	No
	<u>Federal Awards</u>	
	Type of auditor's report issued on compliance for major programs:	Unqualified
	<u>Internal control over major programs:</u>	
	• Material Weakness Identified?	No
	• Significant Deficiencies identified not considered to be a material weakness?	No
	• Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section 501(a)?	No
	Identificaiton of major programs:	
	<u>CFDA #</u>	<u>Federal Program Title</u>
	10.569	The Emergency Food Assistance Cluster - Texas Department of Agriculture Emergency Food Assistance Program (Food Commodities)
	10.568	Texas Department of Agriculture Emergency Food Assistance Program (Administrative Costs)
	Dollar threshold used to distinguish between Type A and Type B programs:	\$ 300,000
	Auditee qualified as low-risk auditee?	Yes
B	FINDINGS RELATED TO FEDERAL AWARDS	
	None	

THE FOOD BANK OF CORPUS CHRISTI, INC.
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
For the Year Ended August 31, 2012

A PRIOR YEAR FINDINGS - FINANCIAL STATEMENT AUDIT

None

B PRIOR YEAR FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL
AWARD PROGRAMS AUDIT

None