

THE COMMUNITY FOOD BANK OF VICTORIA

dba – Food Bank of the Golden Crescent

FINANCIAL STATEMENTS

For the year ended December 31, 2009

THE COMMUNITY FOOD BANK OF VICTORIA
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FINANCIAL STATEMENTS
For the year ended December 31, 2009

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
The Community Food Bank of Victoria
dba – Food Bank of the Golden Crescent

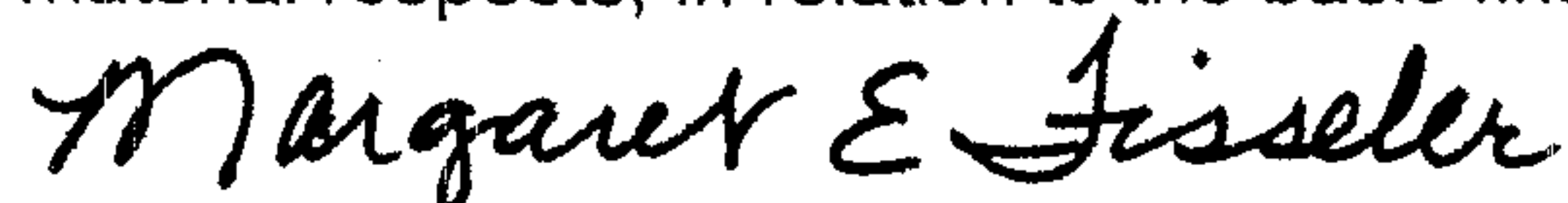
We have audited the accompanying statement of financial position of The Community Food Bank of Victoria (a nonprofit organization) as of December 31, 2009, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our 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 we plan and perform the audit 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 audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of The Community Food Bank of Victoria as of December 31, 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our reports dated July 18, 2010, on our consideration of The Community Food Bank of Victoria's internal control over financial reporting and 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 *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of The Community Food Bank of Victoria taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Margaret E. Fisseler, CPA

Goliad, Texas
July 18, 2010

THE COMMUNITY FOOD BANK OF VICTORIA
dba-Food Bank of the Golden Crescent
STATEMENT OF FINANCIAL POSITION
 December 31, 2009

ASSETS

Current Assets

Cash and cash equivalents	\$ 350,153
Cash -short term investments	73,422
Cash-Donor restricted	64,665
Investments	42,095
Accounts receivable	21,546
Prepaid expenses	5,974
Commodities-donated inventory	<u>425,327</u>

Total current assets 983,182

Fixed assets

Land	22,064
Equipment	714,137
Buildings	<u>651,647</u>

Total fixed assets 1,387,848

Accumulated depreciation (638,686)

Net fixed assets 749,162

Total assets **\$1,732,344**

LIABILITIES AND NET ASSETS

Liabilities

Current

Accounts payable	\$ 11,416
Payroll liabilities	4,113
Unearned revenue	<u>5,484</u>

Total Liabilities 21,013

Net Assets

Unrestricted 1,646,666

Temporarily restricted 64,665

Total net assets 1,711,331

Total liabilities and net assets **\$1,732,344**

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

THE COMMUNITY FOOD BANK OF VICTORIA
dba-Food Bank of the Golden Crescent
STATEMENT OF ACTIVITIES
For the year ended December 31, 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUE AND OTHER SUPPORT			
Program service fees	\$ 380,188	\$ -	\$ 380,188
Contributions	89,576	124,900	214,476
Donated assets	85,404		85,404
Donated commodities	5,068,071		5,068,071
Government grants and contracts	-	151,348	151,348
Special events	6,100	-	6,100
Fundraising - direct mail	153,200		153,200
Net unrealized gain(loss) on long-term investments	(7,059)	-	(7,059)
Interest and dividends	3,665		3,665
Net assets released from restrictions:			
Satisfied by payments	249,844	(249,844)	-
Total revenue and other support	<u>6,028,989</u>	<u>26,404</u>	<u>6,055,393</u>
EXPENSES AND OTHER PAYMENTS			
Program services			
Food distribution	5,847,901	-	5,847,901
Supporting services			
Management and general	77,439	-	77,439
Fundraising	90,590	-	90,590
Membership development	24,440	-	24,440
Total Supporting services	<u>192,469</u>	<u>-</u>	<u>192,469</u>
Total expenses	6,040,370	-	6,040,370
Change in net assets	(11,381)	26,404	15,023
Beginning net assets	1,026,468	38,261	1,064,729
Adjustment to net assets	631,579	-	631,579
Adjusted net assets	<u>1,658,047</u>	<u>38,261</u>	<u>1,696,308</u>
Ending net assets	<u>\$ 1,646,666</u>	<u>\$ 64,665</u>	<u>\$ 1,711,331</u>

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

THE COMMUNITY FOOD BANK OF VICTORIA
dba-Food Bank of the Golden Crescent
STATEMENT OF CASH FLOWS
For the year ended December 31, 2009

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ 15,023
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	78,909
Donated equipment	(85,125)
Unrealized loss on investments	7,059
(Increase) decrease in:	
Receivables	(20,171)
Prepaid expenses	(5,974)
Inventory	206,252
Increase (decrease) in:	
Accounts payable	11,139
Payroll taxes payable	4,114
Unearned revenue	<u>5,484</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	216,710
 CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of equipment	(25,233)
Purchases of investments	<u>(74,432)</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	(99,665)
 CASH FLOWS FROM FINANCING ACTIVITIES:	
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>-</u>
NET INCREASE IN CASH	117,045
CASH AT THE BEGINNING OF THE YEAR	<u>297,773</u>
CASH AT THE END OF THE YEAR	<u><u>414,818</u></u>

The accompanying notes are an integral part of these financial statements

THE COMMUNITY FOOD BANK OF VICTORIA
dba-Food Bank of the Golden Crescent
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2009

	Program Services	Supporting Services			Total
	Food Distribution	Management and General	Fund Raising	Member Services	
Salaries and Related Expenses					
Salaries	\$ 201,496	\$ 39,237	\$ 31,280	\$ 15,224	\$ 287,237
Employee health benefits	28,828	5,768	4,961	807	40,364
Payroll taxes and other	33,080	6,442	5,135	2,499	47,156
Other Expenses					
Auto expense	1,668	-	-	-	1,668
Grant expense	12,228	-	-	-	12,228
Food Distribution					
Purchases	39,042				39,042
Transportation	39,718				39,718
Packaging	2,090				2,090
Donated goods and food-commodities	5,274,323				5,274,323
Insurance	18,541	3,056	50	50	21,697
Maintenance	23,320	547	546		24,413
Miscellaneous	17,727				17,727
Office Expense	6,198	8,962	3,428	224	18,812
Other miscellaneous	5,216	347		692	6,255
Professional Fees	7,328	7,945			15,273
Public relations	12,524			3,098	15,622
Travel and conference	7,921	66	17		8,004
Utilities	39,566	2,660	884	449	43,559
Waste disposal	2,529	105			2,634
Fundraising			7,263		7,263
Fundraising-direct mail	-		36,376		36,376
Total expenses before depreciation	5,773,343	75,135	89,940	23,043	5,961,461
Depreciation	74,558	2,304	650	1,397	78,909
Total expenses	\$ 5,847,901	\$ 77,439	\$ 90,590	\$ 24,440	\$ 6,040,370

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

THE COMMUNITY FOOD BANK OF VICTORIA
dba – Food Bank of the Golden Crescent
NOTES TO FINANCIAL STATEMENTS
For the year ended December 31, 2009

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Community Food Bank of Victoria (the "Food Bank") operates a food distribution warehouse that supplies food to Victoria-area nonprofit organizations and charitable agencies that in turn provide food stock and prepared meals to needy individuals. Operated originally as a part of the Spirit of Youth of Victoria, the Food Bank began operations as a separate entity on September 30, 1989. Program services are funded primarily through a combination of shared maintenance fees collected on food distributed, governmental grants, and donations from area businesses, charitable organizations and individuals.

In the fall of 1999, the Food Bank became a certified affiliate of America's Second Harvest, the nation's largest domestic hunger relief organization. This network includes over 200 food banks, 19 of which are in Texas. In 2007 America's Second Harvest changed its name to Feeding America.

Basis of Accounting

The accompanying financial statements of the Food Bank have been prepared using the accrual basis of accounting. Under the accrual method of accounting revenues are recognized when earned rather than received, and expenses are recognized when the related liability is incurred rather than when paid.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and primarily restricted net assets.

Use of Estimates

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

Inventory

The Food Bank maintains a substantial quantity of food items in inventory at all times. This inventory consists primarily of USDA-donated commodities (valued at approximately \$110,615 as of year-end) and other foods and goods donated by third-party suppliers valued at approximately \$314,712. These donated commodities are recorded in the financial statements as commodities-donated inventory. The inventory from the USDA is valued at an amount established by the USDA. This value was obtained from the USDA's website using their commodities report. Other foods and goods donated by third party suppliers are valued at \$1.58 per pound.

THE COMMUNITY FOOD BANK OF VICTORIA

dba – Food Bank of the Golden Crescent

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2009

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment

It is the Organization's policy to capitalize property and equipment over \$500.00. Lesser amounts are expensed.

Property and equipment purchased by the organization are carried at cost. These assets are depreciated over their estimated useful life using the straight-line method of depreciation. Donated property and equipment are recorded in the accompanying financial statements as donated assets at the estimated fair market value at the date of donation. Such donations are reported as unrestricted donated assets (support) unless the donor has restricted the donated asset to a specified purpose.

Contributed Services

Many individuals donate time to assist the organization in its food distribution programs. Management estimates that the Food Bank received more than 5,146 hours of volunteer labor in 2009. These volunteer hours are not recognized because the nature of these services does not meet the criteria established by SFAS No. 116 for recognition. Contributions of services are only recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

Cash and Cash Equivalents

Management considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Investments

In accordance with SFAS No. 124, *Accounting for Certain Investments Held by Not-for-Profit Organizations*, the Food Bank carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair value in the Statement of Assets, Liabilities and Net Assets. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities.

Revenue Recognition

To the extent allowed under the accrual basis of accounting, the Food Bank accounts for contributions in accordance with the recommendations of the Financial Accounting Standards Board in SFAS No. 116, *Accounting for Contributions Received and Contributions Made*. Cash contributions received during the accounting period are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and nature of any donor-imposed restrictions.

All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

THE COMMUNITY FOOD BANK OF VICTORIA
dba – Food Bank of the Golden Crescent
NOTES TO FINANCIAL STATEMENTS
For the year ended December 31, 2009

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (continued)

Expense Allocation

The Food Bank's cost of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Federal Income Tax Status

The Food Bank is a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the "Code"). It is also classified as a publicly supported organization that is not a private foundation as defined in Section 509(a) of the Code.

Statement of Cash Flows

For purposes of the statement of cash flows, The Community Food Bank of Victoria considers all highly liquid investments as cash equivalents. At December 31, 2009, \$392,685 was held in money market accounts which are classified as a cash equivalent. Cash also includes cash held in checking accounts at local banking institutions and petty cash.

Compensated Absences

Employees of the Food Bank are entitled to vacation benefits during the year based upon their employment status. Full-time employees are granted vacation based upon the number of years of employment. Vacation is earned during the first year of service and can be used starting in the second year of service. The Executive Director is given three weeks of vacation per year for the first five full years of employment. After completing the fifth year of full employment, the director is eligible to receive four weeks of vacation with pay. Any unused vacation days as of year-end are not allowed to be rolled over into the following year and are not paid upon termination. Employees are entitled to five sick days per year. Sick leave accumulates upon employment. For an employee to be eligible for paid sick leave, 90 days of service must be completed. A maximum of 120 hours may accrue and is not paid to employees upon termination with the food bank. Because these amounts cannot be reasonably estimated, no accrual has been made for compensated absences.

NOTE 2: RESTRICTED CASH

Amounts on deposit as of year-end that have been designated for long-term purposes or were received with donor-imposed restrictions limiting their use to long-term purposes or for the purchase of long lived assets are classified as "restricted" in the accompanying statement of assets, liabilities and net assets. Amounts on deposit as of year-end that have been donor imposed limiting their use totaled \$64,665 as of December 31, 2009.

NOTE 3: CASH AND CASH EQUIVALENTS

The Food Bank maintains cash balances at financial institutions located in Victoria, Texas. Cash balances consist of the following as of December 31, 2009:

THE COMMUNITY FOOD BANK OF VICTORIA
dba – Food Bank of the Golden Crescent
 NOTES TO FINANCIAL STATEMENTS
 For the year ended December 31, 2009

Cash on Deposit	\$ 56,447
Money market mutual fund	<u>392,685</u>
	<u>\$449,243</u>

During 2009, amounts on deposit in excess of anticipated short-term needs were invested overnight in a money market mutual fund. The balance held in this mutual fund at year-end is reported at cost that reflects fair value. As of December 31, 2009, all cash on deposit was covered by federal depository insurance. The mutual fund is invested exclusively in U.S. Treasury obligations, the principal of which is backed by the full faith and credit of the United States government.

NOTE 4: INVESTMENTS

During 2002, the Food Bank received a donation of corporate stock with a fair market value of \$20,306 on the date of donation. Dividends paid on the stock are reinvested through a dividend reinvestment plan. The stock had a fair market value of \$42,095 at December 31, 2009. There was a cumulative unrealized gain on the stock at year-end of \$21,789. This investment is unrestricted as to its use.

A certificate of deposit is held at Trust Texas Bank.

Principal - \$72,500.
 Interest rate – 1.83%
 Maturity date – April 27, 2010

Total interest received from the certificate of deposit during 2009 totaled \$922.

Investment return for the current year is summarized as follows:

Interest and dividend income	\$ 3,665
Unrealized gain (loss) on investments	<u>(7,059)</u>
Total investment return	<u>\$ (3,394)</u>

NOTE 5: SHARED MAINTENANCE FEES

In most instances member agencies pay the Food Bank a shared maintenance fee for the purchase of food that is used in the agencies' operations. The fee is as much as nineteen cents (\$0.19) per pound but can be as low as three cents (\$0.03) per pound. As of December 31, 2009, the Food Bank had prepaids in shared maintenance fees from its member agencies in the amount of \$4,859.

THE COMMUNITY FOOD BANK OF VICTORIA
dba – Food Bank of the Golden Crescent
 NOTES TO FINANCIAL STATEMENTS
 For the year ended December 31, 2009

NOTE 9: RISK MANAGEMENT

The Food Bank is exposed to various risks of loss related to theft of, damage to, and destruction of assets, injuries to employees, natural disasters, and other areas of general liability. During the 2009 fiscal year, the Food Bank purchased insurance from commercial insurance carriers to cover potential losses in the areas noted above. Through the payment of premiums and loss deductibles, essentially all risk was transferred to the third-party insurers.

NOTE 10: CONCENTRATIONS

Approximately 16% of income received and food distributed by the Food Bank in 2009 related to participation in the TEXCAP food commodities program. The current contract between the Food Bank and the Texas Department of Human Services (TDHS) that governs the operation of this program is in effect through September 30, 2010. However, the level of funds and commodities received from TDHS by the Food Bank are contingent upon their availability from the United States Department of Agriculture (USDA). The USDA had not guaranteed TDHS any specific level of availability of administrative funds or food commodities.

Management does not anticipate any decrease in the dollar amount of administrative reimbursements or the volume of food commodities received under the TEXCAP program through the end of the current grant agreement. Substantially reduced assistance from TDHS could have a significant impact on the level of services currently being offered by the Food Bank to its member agencies.

NOTE 11: RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets were available for the following purposes as of December 31, 2009:

Transportation & Food Purchases	\$ 34,947
Backpack Program	29,718
Equipment	<u>-0-</u>
Total	<u>\$ 64,665</u>

No contributions were received during 2009 that were classified as permanently restricted, and none of the Food Bank's net assets as of the end of the fiscal year had any permanent restrictions as to their use.

NOTE 12: RETIREMENT PLAN

During 1999, the Food Bank adopted a defined contribution retirement plan (the "Plan") covering all full-time employees with at least six months service. Participants can elect to defer a percentage of their annual salary to the Plan. Currently employees can defer up to 10%. The Food Bank matches participants' contributions to the Plan dollar for dollar up to a maximum amount determined annually by the Board of Directors. Actual contributions made on behalf of employees totaled \$11,863 during 2009 through salary deferrals. Plan participants vest immediately in all contributions (employee and employer) made to the Plan on their behalf.

FEDERAL PROGRAMS SECTION

THE COMMUNITY FOOD BANK OF VICTORIA
dba – Food Bank of the Golden Crescent
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the year ended December 31, 2009

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Agency or Pass- through Number	Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through Texas Department of Human Services</i>			
Emergency Food Assistance Program (TEXCAP Admin Costs)	10.568	2357128	\$ 77,736
Total passed through Texas Department of Human Services			77,736
<i>Passed Through Texas Department of Human Services</i>			
Emergency Food Assistance Program (TEXCAP Commodities)	10.569	2357128	961,272
<i>Passed Through Victoria Independent School District</i>			
Emergency Food Assistance Program (TEXCAP Commodities)	10.569	N/A	15,984
<i>Passed Through the Texas Department of Agriculture</i>			
Emergency Food Assistance Program (TEFAP)	10.568	N/A	<u>11,151</u>
Total U.S. Department of Agriculture			1,066,143
DEPARTMENT OF HOMELAND SECURITIES			
<i>Passed Through Victoria County United Way</i>			
Emergency Food and Shelter National Board Program	97.024	842600-005	6,800
<i>Passed Through DeWitt County United Way</i>			
Emergency Food and Shelter National Board Program	97.024	801600-003	3,570
<i>Emergency Food and Shelter Program (ARRA Funding)</i>	97.114	801600-003	1,531
<i>Passed Through Gonzales County United Way</i>			
Emergency Food and Shelter National Board Program	97.024	807800-002	2,815
<i>Passed Through Colorado County United Way</i>			
Emergency Food and Shelter National Board Program	97.024	796200-004	3,329
<i>Emergency Food and Shelter Program (ARRA Funding)</i>	97.114	796200-004	1,922
<i>Passed Through Lavaca County United Way</i>			
Emergency Food and Shelter National Board Program	97.024	832600-003	2,798
Emergency Food and Shelter Program (ARRA Funding)	97.114	820800-003	<u>1,500</u>
Total Federal Emergency Management Agency			<u>24,265</u>
Total Expenditures of Federal Awards			<u>\$ 1,090,408</u>

The accompanying notes are an integral part of this schedule

THE COMMUNITY FOOD BANK OF VICTORIA

dba – Food Bank of the Golden Crescent

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended December 31, 2009

NOTE 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of The Community Food Bank of Victoria and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Non-monetary assistance in the form of food commodities received under the USDA's Emergency Food Assistance Program is reported in the financial statements at estimated fair market value.

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

To the Board of Directors of
The Community Food Bank of Victoria
dba – Food Bank of the Golden Crescent

We have audited the financial statements of The Community Food Bank of Victoria (a nonprofit organization) as of and for the year ended December 31, 2009, and have issued our report thereon dated July 18, 2010. We conducted our 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered The Community Food Bank of Victoria'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 Community Food Bank of Victoria's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Community Food Bank of Victoria'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 disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Community Food Bank of Victoria
dba – Food Bank of the Golden Crescent

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

Margaret E. Fissler

Goliad, Texas
July 18, 2010

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Directors of
The Community Food Bank of Victoria
dba – Food Bank of the Golden Crescent

Compliance

We have audited the compliance of The Community Food Bank of Victoria (a nonprofit organization) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2009. The Community Food Bank of Victoria'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 its major federal program is the responsibility of The Community Food Bank of Victoria's management. Our responsibility is to express an opinion on The Community Food Bank of Victoria'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 *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about The Community Food Bank of Victoria'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 Community Food Bank of Victoria's compliance with those requirements.

In our opinion, The Community Food Bank of Victoria complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2009.

Internal Control Over Compliance

The management of The Community Food Bank of Victoria 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 Community Food Bank of Victoria'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.

The Community Food Bank of Victoria
dba – Food Bank of the Golden Crescent

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weakness. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weakness.

The report is intended solely for the information and use of the Board of Directors and management of The Community Food Bank of Victoria, as well as federal and state awarding agencies, and is not intended to be and should not be used by anyone other than these specified parties.

Margaret E. Jisseler

Goliad, Texas
July 18, 2010

THE COMMUNITY FOOD BANK OF VICTORIA
dba – Food Bank of the Golden Crescent
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended December 31, 2009

SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of The Community Food Bank of Victoria.
2. No reportable conditions relating to the audit of the financial statements are reported in the Report on Compliance and Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of The Community Food Bank of Victoria, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed in the audit.
4. No reportable conditions relating to the audit of the major federal award program is reported in the auditor's report over compliance and internal control made in accordance with OMB Circular A-133.
5. The auditor's report on compliance for the major federal award program for The Community Food Bank of Victoria expresses an unqualified opinion on the major award program.
6. No audit findings relative to the major federal award program for The Community Food Bank of Victoria are required to be reported in accordance with section 510(a) of OMB Circular A-133 and are not included in this schedule.
7. The program tested as a major program is: Emergency Food Assistance Program cluster (10.568 and 10.569) and the Department of Homeland Security (97.024).
8. The threshold used for distinguishing between Type A and B programs was \$500,000.
9. The Community Food Bank of Victoria does not actually qualify as a low-risk auditee.

FINDINGS – FINANCIAL STATEMENT AUDIT

NONE NOTED

FINDINGS AND QUESTIONS COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT

NONE NOTED