

FLORIDA ASSOCIATION OF FOOD BANKS, INC.

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
Year Ended June 30, 2012**

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Florida Institute of Certified Public Accountants

American Institute of Certified Public Accountants

Private Companies Practice Section

Tax Division

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Florida Association of Food Banks, Inc.
1365 Alcazar Avenue
Fort Myers, FL 33901

We have audited the accompanying statements of financial position of Florida Association of Food Banks, Inc. (a not-for-profit Florida corporation), as of June 30, 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 Florida Association of Food Banks, Inc.'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 Government Auditing Standards, issued by the Comptroller General of the United States of America. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 Florida Association of Food Banks, Inc. as of June 30, 2012 and 2011, and changes in its net assets and its cash flows for the years 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 report dated October 24, 2012, on our consideration of Florida Association of Food Banks, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grants and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and on 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 audits.

INTEGRITY SERVICE EXPERIENCE

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Board of Directors
Florida Association of Food Banks, Inc.
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Our audits were conducted for the purpose of forming opinions on the financial statements of Florida Association of Food Banks, Inc. taken as a whole. The accompanying Schedule of Expenditures of State Financial Assistance for the year ended June 30, 2012 and the Notes thereto are presented for purposes of additional analysis as required by the Florida Single Audit Act (Florida Statute 215.97) and State of Florida Auditor General Rule 10.650 and are 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 audits 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 accompanying Schedule of Expenditures of State Financial Assistance for the year ended June 30, 2012 and the Notes thereto are fairly stated in all material respects in relation to the financial statements taken as a whole.

The Exhibit - Management's Response to Independent Auditor's Report to Management, is not a required part of the financial statements but is required by Government Auditing Standards and State of Florida Chapter 10.650 "Rules of the Auditor General". Such information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

A handwritten signature in cursive script that reads "Tuscán & Company, P.A." The signature is written in dark ink and is positioned above the printed name of the firm.

TUSCAN & COMPANY, P.A.
Fort Myers, Florida
October 24, 2012

FLORIDA ASSOCIATION OF FOOD BANKS, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2012 and 2011

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ASSETS	<u>2012</u>	<u>2011</u>
CURRENT ASSETS		
Cash and cash equivalents (including restricted cash of \$383,239 and \$368,942 as of June 30, 2012 and 2011, respectively)	\$ 808,570	\$ 779,710
Contract and grant receivables	125,000	425
Prepaid expenses	<u>677</u>	<u>677</u>
TOTAL CURRENT ASSETS	934,247	780,812
EQUIPMENT, NET	<u>1,150</u>	<u>-</u>
TOTAL ASSETS	<u><u>\$ 935,397</u></u>	<u><u>\$ 780,812</u></u>
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accrued liabilities	\$ 175,948	\$ 21,191
Deferred revenue - prepaid membership dues	<u>2,975</u>	<u>-</u>
TOTAL CURRENT LIABILITIES	<u>178,923</u>	<u>21,191</u>
COMMITMENTS AND CONTINGENCIES	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>178,923</u>	<u>21,191</u>
 NET ASSETS		
Unrestricted	373,235	390,679
Temporarily restricted	<u>383,239</u>	<u>368,942</u>
TOTAL NET ASSETS	<u>756,474</u>	<u>759,621</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 935,397</u></u>	<u><u>\$ 780,812</u></u>

The accompanying notes are an integral part of this statement.

FLORIDA ASSOCIATION OF FOOD BANKS, INC.
STATEMENTS OF ACTIVITIES
Years Ended June 30, 2012 and 2011

	2012		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
CHANGES IN NET ASSETS			
PUBLIC SUPPORT, REVENUES AND RECLASSIFICATIONS			
Grants - general	\$ -	\$ 162,500	\$ 162,500
Transportation - FL DACS	500,000	-	500,000
Membership dues	5,950	-	5,950
Auto tag revenue - IMAGINE	329,159	-	329,159
Donations	32,616	-	32,616
Other	<u>1,855</u>	<u>-</u>	<u>1,855</u>
TOTAL PUBLIC SUPPORT AND REVENUES	869,580	162,500	1,032,080
Net assets released from restrictions:	<u>148,203</u>	<u>(148,203)</u>	<u>-</u>
TOTAL PUBLIC SUPPORT AND REVENUES AND RECLASSIFICATIONS	<u>1,017,783</u>	<u>14,297</u>	<u>1,032,080</u>
EXPENSES			
Program services	947,911	-	947,911
Support services	<u>87,316</u>	<u>-</u>	<u>87,316</u>
TOTAL EXPENSES	<u>1,035,227</u>	<u>-</u>	<u>1,035,227</u>
INCREASE (DECREASE) IN NET ASSETS	(17,444)	14,297	(3,147)
NET ASSETS, BEGINNING OF YEAR	<u>390,679</u>	<u>368,942</u>	<u>759,621</u>
NET ASSETS, END OF YEAR	<u>\$ 373,235</u>	<u>\$ 383,239</u>	<u>\$ 756,474</u>

The accompanying notes are an integral part of this statement.

2011		
Unrestricted	Temporarily Restricted	Total
\$ 350,000	\$ -	\$ 350,000
20,000	180,000	200,000
7,225	-	7,225
-	327,505	327,505
13,482	38,947	52,429
<u>102</u>	<u>-</u>	<u>102</u>
390,809	546,452	937,261
<u>466,404</u>	<u>(466,404)</u>	<u>-</u>
<u>857,213</u>	<u>80,048</u>	<u>937,261</u>
466,404	-	466,404
<u>64,587</u>	<u>-</u>	<u>64,587</u>
<u>530,991</u>	<u>-</u>	<u>530,991</u>
326,222	80,048	406,270
<u>64,457</u>	<u>288,894</u>	<u>353,351</u>
<u>\$ 390,679</u>	<u>\$ 368,942</u>	<u>\$ 759,621</u>

The accompanying notes are an integral part of this statement.

FLORIDA ASSOCIATION OF FOOD BANKS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2012

FUNCTIONAL EXPENSES	2012 PROGRAM SERVICES				
	Farmers Feeding Florida	Hunger Awareness	Training	Disaster Prep Response	FL-DACS
Accounting	\$ 2,352	\$ 2,352	\$ 1,072	\$ 470	\$ -
Admin fee PIAM	-	1,750	-	-	-
Audit	1,750	-	700	350	-
Bank charges	-	-	-	-	-
BCBS	224,998	-	-	-	-
Board of Directors expenses	860	1,226	3,279	397	-
Conferences registrations	1,227	988	430	196	-
DACS - incentives	142,739	-	-	-	-
Depreciation expense	-	-	-	-	-
DHSMV fee	-	-	-	-	-
Directors & officers insurance	-	-	-	-	-
Dues and subscriptions	55	55	-	55	-
Education & advocacy	4,800	14,873	7,750	300	-
Executive director	17,493	20,992	6,997	6,997	-
Licenses and fees	-	-	-	-	-
Lobbying	-	-	-	-	-
Marketing - auto tag	-	50,984	-	-	-
Misc.	408	-	-	-	-
Office expense	878	2,901	434	303	-
Payroll fees	418	501	167	167	-
Payroll taxes	3,035	3,035	1,012	1,012	-
Postage & delivery	17	43	22	3	-
Printing & reproduction	775	674	-	-	-
Project manager	37,800	-	-	-	-
Simple IRA match	-	-	-	-	-
Staff	21,955	13,637	7,318	2,195	-
Telephone	418	260	110	122	-
Transportation allocation	-	-	-	-	307,300
Travel	10,750	4,561	2,980	3,674	-
Website	65	296	113	65	-
TOTAL EXPENSES	\$ 472,793	\$ 119,128	\$ 32,384	\$ 16,306	\$ 307,300

The accompanying notes are an integral part of this statement.

2012			
SUPPORTING SERVICES			
Total Program Services	General and Administrative	Total Supporting Services	2012 Total Expenses
\$ 6,246	\$ 3,161	\$ 3,161	\$ 9,407
1,750	-	-	1,750
2,800	2,450	2,450	5,250
-	134	134	134
224,998	-	-	224,998
5,762	3,624	3,624	9,386
2,841	(150)	(150)	2,691
142,739	-	-	142,739
-	128	128	128
-	2	2	2
-	1,220	1,220	1,220
165	55	55	220
27,723	2,500	2,500	30,223
52,479	17,193	17,193	69,672
-	411	411	411
-	6,000	6,000	6,000
50,984	31,306	31,306	82,290
408	-	-	408
4,516	388	388	4,904
1,253	418	418	1,671
8,094	2,193	2,193	10,287
85	13	13	98
1,449	-	-	1,449
37,800	-	-	37,800
-	1,448	1,448	1,448
45,105	9,381	9,381	54,486
910	151	151	1,061
307,300	-	-	307,300
21,965	5,290	5,290	27,255
539	-	-	539
<u>\$ 947,911</u>	<u>\$ 87,316</u>	<u>\$ 87,316</u>	<u>\$ 1,035,227</u>

The accompanying notes are an integral part of this statement.

FLORIDA ASSOCIATION OF FOOD BANKS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2011

FUNCTIONAL EXPENSES	2011 PROGRAM SERVICES				
	Farmers Feeding Florida	Hunger Awareness	Training	Disaster Prep Response	FL-DACS
Accounting	\$ -	\$ 4,286	\$ -	\$ -	\$ -
Admin fee PIAM	-	-	-	-	-
Audit	-	-	-	-	-
Bank charges	-	-	-	-	-
Board of Directors expenses	-	-	9,141	-	-
Conferences registrations	-	-	658	483	-
Designated donations	-	38,947	-	-	-
DHSMV Fee	-	10,000	-	-	-
Directors & officers insurance	-	-	-	-	-
Dues and subscriptions	-	-	-	-	-
Education & advocacy	-	12,000	12,000	-	-
Executive director	19,815	16,513	9,907	3,303	-
Feeding Florida First	2,007	-	-	-	-
Imagine distribution allocation	-	81,876	-	-	-
Licenses and fees	-	-	-	-	-
Lobbying	-	-	-	-	-
Office expense	-	3	-	55	-
Payroll fees	-	-	-	-	-
Payroll taxes	-	-	-	-	-
Postage & delivery	-	-	-	-	-
Printing & reproduction	-	250	-	-	-
Project manager	37,800	-	-	-	-
Staff	5,331	4,442	2,665	888	-
Telephone	-	19	-	-	-
Transportation allocation	-	-	-	-	180,000
Travel	6,706	2,049	3,600	1,154	-
Website	-	506	-	-	-
TOTAL EXPENSES	\$ 71,659	\$ 170,891	\$ 37,971	\$ 5,883	\$ 180,000

The accompanying notes are an integral part of this statement.

2011			
SUPPORTING SERVICES			
Total Program Services	General and Administrative	Total Supporting Services	Total Expenses
\$ 4,286	\$ 8,191	\$ 8,191	\$ 12,477
-	5,090	5,090	5,090
-	7,548	7,548	7,548
-	168	168	168
9,141	8,776	8,776	17,917
1,141	-	-	1,141
38,947	-	-	38,947
10,000	-	-	10,000
-	813	813	813
-	200	200	200
24,000	-	-	24,000
49,538	16,512	16,512	66,050
2,007	-	-	2,007
81,876	-	-	81,876
-	361	361	361
-	6,000	6,000	6,000
58	562	562	620
-	578	578	578
-	4,362	4,362	4,362
-	192	192	192
250	161	161	411
37,800	-	-	37,800
13,326	4,442	4,442	17,768
19	431	431	450
180,000	-	-	180,000
13,509	200	200	13,709
506	-	-	506
<u>\$ 466,404</u>	<u>\$ 64,587</u>	<u>\$ 64,587</u>	<u>\$ 530,991</u>

The accompanying notes are an integral part of this statement.

FLORIDA ASSOCIATION OF FOOD BANKS, INC.
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from grants and contracts	\$ 867,084	\$ 882,979
Cash received from donations	32,616	52,531
Cash received from members	8,925	6,800
Cash payments to suppliers and personnel	<u>(878,487)</u>	<u>(497,348)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>30,138</u>	<u>444,962</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of equipment	<u>(1,278)</u>	<u>-</u>
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>(1,278)</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings, net	-	-
Principal payments on debt	<u>-</u>	<u>-</u>
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents	28,860	444,962
CASH AND CASH EQUIVALENTS - BEGINNING	<u>779,710</u>	<u>334,748</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 808,570</u>	<u>\$ 779,710</u>

The accompanying notes are an integral part of this statement.

**RECONCILIATION OF INCREASE (DECREASE) IN NET ASSETS
TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES**

	<u>2012</u>	<u>2011</u>
Increase (Decrease) in net assets	\$ (3,147)	\$ 406,270
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities		
Depreciation	128	-
(Increase) decrease in contracts and grants receivable	(124,575)	5,050
(Increase) decrease in prepaid expenses	-	22,612
Increase (decrease) in accrued liabilities	154,757	11,030
Increase (decrease) in deferred revenue - prepaid dues	<u>2,975</u>	<u>-</u>
TOTAL ADJUSTMENTS	<u>33,285</u>	<u>38,692</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ 30,138</u>	<u>\$ 444,962</u>

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and description of activities

The Florida Association of Food Banks, Inc. (the "Association") was incorporated as a Florida nonprofit corporation on January 21, 1993, for the purpose of increasing the availability of food to needy families throughout the State of Florida. The Association's general mission is to manage and administer certain resources for its fourteen (14) member food banks in order to enhance and support their efforts to feed needy Florida residents in all of the sixty-seven (67) Florida counties. The Association entered into an agreement in 2003 with Yoko Ono Lennon, which granted the Association the right to use the image of John Lennon on a specialty license plate. The Association receives revenue derived from the sale of the license plate and uses the funds to highlight the problems with hunger and support programs directed at ending hunger in the State of Florida. The revenue is termed "Auto Tag Revenue - IMAGINE".

Farmers Feeding Florida is a food recovery program instituted by the Association. The goal of the program is to work with farmers and packers to distribute unmarketable produce to those in need. The program helps offset the farmers/packers cost of picking and packing.

Hunger awareness is a program to increase awareness of the hunger issues in Florida.

Training provides training to associated food banks.

Disaster preparedness is a program to provide training to associated food banks in preparation of disaster response.

FL-DACS Transportation is a State of Florida funded program to provide transportation of donated food to private not-for-profit emergency feeding organizations.

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

The following is a summary of the significant accounting policies used in the preparation of these financial statements:

Basis of accounting

The accounting and reporting policies of the Association conform to accounting principles generally accepted in the United States of America, and are in accordance with the audit guide issued by the American Institute of Certified Public Accountants, "Not-for-Profit Organizations" under the provisions for "Voluntary Health and Welfare Organizations."

The Association prepares its financial statements on the accrual basis of accounting. Grant revenues are recorded as support when performance occurs under the terms of the grant agreement. Grant revenue includes all resources received from another entity in accordance with an entitlement or grant document.

Cash and cash equivalents

For the purpose of the Statement of Cash Flows, the Association considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. At June 30, 2012 and 2011, the Association held no cash equivalents.

Contracts and grants receivable

Contracts and grants receivable consist of billings due from grantor or provider agencies. The Association uses the direct write-off method of accounting for uncollectible accounts associated with grantor or provider agencies. At June 30, 2012 and 2011, all contract and grant receivables are considered by management to be fully collectible.

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Property and equipment

The Association's policy is to capitalize assets with a cost of \$1,000 or more. Property and equipment is recorded at cost, except for donated items (used in operations of the Association), which are recorded at fair market value as of the date received. Assets are depreciated using straight-line and accelerated methods (which approximate straight-line) over their respective estimated lives, as follows:

<u>Property & Equipment Category</u>	<u>Useful Lives</u>
Buildings	10 years
Furniture and fixtures	7 years
Equipment	5 years

Impairment of long-lived assets

The Association adheres to FASB ASC No. 360-10-50-2 (formerly the Financial Accounting Standards Board (FASB) Statement of Financial Accounting Standards (SFAS) No. 144), "Accounting for the Impairment or Disposal of Long-Lived Assets." FASB ASC No. 360-10-50-2 requires, among other things, that entities identify events or changes in circumstances which indicate that the carrying amount of an asset may not be recoverable.

There was no effect on the Association's financial statements resulting from FASB ASC No. 360-10-50-2 for the years ended June 30, 2012 and 2011.

Revenue recognition

All grantor-restricted support is reported as an increase in temporarily 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),

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES, CONTINUED**

Revenue recognition, continued

temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities as net assets released from restrictions. Donor restricted contributions, whose restrictions are met in the same reporting period, are reported as unrestricted support.

Contributions

In order to observe restrictions which donors place on grants and other gifts, as well as designations made by the Board of Directors, all assets, liabilities and activities are accounted for in the following net asset classifications:

Unrestricted Net Assets - not subject to donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors.

Temporarily Restricted Net Assets - subject to donor-imposed stipulations that may be fulfilled by actions of the Association to meet the stipulations or become unrestricted at the date specified by the donor.

Permanently Restricted Net Assets - subject to donor-imposed stipulations that they be retained and invested permanently by the Association. The donors require the Association to use all or part of the investment return on these net assets for specified or unspecified purposes.

Advertising costs

The Association's policy is to expense advertising costs as such costs are incurred.

Donated services

No amount has been reflected in the financial statements for donated services, in as much as no objective basis is available to measure the value of such services. A number of volunteers, including the Board of Directors, however, have donated significant amounts of their time and expertise to the Association's programs and supporting services.

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES, CONTINUED**

Functional expenses

The cost of providing the various programs and other activities have been detailed in the Statements of Functional Expenses and summarized on a functional basis in the Statements of Activities. Expenses that can be identified with a specific program service are charged directly to that program, according to their natural expenditure classification. Other expenses that are common to several functions are allocated by various statistical bases.

Income taxes

No provision for income tax expense has been made in the accompanying financial statements, since Florida Association of Food Banks, Inc. is exempt from income taxes under Internal Revenue Code Section 501(c)(3). In addition, Florida Association of Food Banks is not a private foundation within the meaning of Section 509(a) of the Internal Revenue Code.

The Internal Revenue Code provides for taxation of unrelated business income under certain circumstances.

The Association considers the likelihood of changes by taxing authorities in its filed income tax returns and recognizes a liability for or discloses potential significant changes that management believes are more likely than not to occur, including changes to the Association's status as a not-for-profit entity. Management believes the Association met the requirements to maintain its tax-exempt status and has no income subject to unrelated business income tax. The Association's income tax returns for the past three years are subject to examination by tax authorities, and may change upon examination. The Association reports no unrelated business taxable income; however, such status is subject to final determination upon examination of the related tax returns by the appropriate taxing authorities.

Subsequent events

Subsequent events have been evaluated through October 24, 2012, which is the date the financial statements were available to be issued.

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Management 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair value measurements

In accordance with FASB ASC 820, the Association would use fair value measurements to value certain types of assets. At June 30, 2012 and 2011, the carrying value of balances such as receivables, prepaids and accrued liabilities approximate fair value due to the short term maturity of these financial instruments.

NOTE B - CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following at June 30:

	<u>2012</u>	<u>2011</u>
Depository accounts	\$ 808,570	\$ 779,710
	<u>\$ 808,570</u>	<u>\$ 779,710</u>

Cash includes cash restricted for those purposes as noted as temporarily restricted net assets.

Concentration of credit risk

The Association maintains its cash and cash equivalents in financial institutions located in Southwest Florida. The Association's cash and cash equivalents are federally insured up to \$250,000 per financial institution. At June 30, the bank balances of the Association's depository accounts are categorized as follows:

	<u>2012</u>	<u>2011</u>
Amount covered by Federal Depository Insurance	\$ 500,000	\$ 494,246
Amount uninsured	<u>311,867</u>	<u>289,264</u>
	<u>\$ 811,867</u>	<u>\$ 783,510</u>

NOTE B - CASH AND CASH EQUIVALENTS, CONTINUED

Concentration of credit risk, continued

The Association has not experienced any economic losses on such accounts. The Association believes it is not exposed to any significant credit risk regarding its cash balances as uninsured funds are further secured through a retail funds collateralization agreement up to the average collected quarterly balance.

NOTE C - EQUIPMENT

Equipment consists of the following at June 30:

	<u>2012</u>	<u>2011</u>
Office equipment	\$ 1,278	\$ -
Less: Accumulated depreciation	(128)	-
	<u>\$ 1,150</u>	<u>\$ -</u>

Depreciation expense for the years ended June 30, 2012 and 2011 was \$128 and \$0, respectively.

NOTE D - ACCRUED EXPENSES

Accrued expenses consist of the following at June 30:

	<u>2012</u>	<u>2011</u>
Accounts payable	\$ 173,127	\$ 15,685
Accrued payroll	2,217	5,115
Accrued payroll tax	169	391
Other accrued expenses	435	-
	<u>\$ 175,948</u>	<u>\$ 21,191</u>

NOTE E - NET ASSETS

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

	<u>2012</u>	<u>2011</u>
IMAGINE - auto license tag revenue	\$ 220,739	\$ 368,942
General grants	162,500	-
Total temporarily restricted net assets	<u>\$ 383,239</u>	<u>\$ 368,942</u>

NOTE F - UNRESTRICTED NET ASSETS

Unrestricted net assets consist of the following at June 30:

	<u>2012</u>	<u>2011</u>
Unrestricted - undesignated	\$ 373,235	\$ 390,679
Unrestricted - designated	<u>-</u>	<u>-</u>
	<u>\$ 373,235</u>	<u>\$ 390,679</u>

At June 30, 2012 and 2011, the Association held no designated net assets.

NOTE G - FUNDRAISING COSTS

The Association incurred no specific fundraising costs and generated no specific funds from fundraising during the years ended June 30, 2012 and 2011.

NOTE H - ECONOMIC DEPENDENCE

The Association's operations are substantially dependent on the receipt of support and revenue from grantor and contract agencies. Loss of these funds and/or large decreases in this type of funding would have a material effect on the financial position of the Association and a negative impact on overall operations. For the years ended June 30, 2012 and 2011, substantially 96% and 94% of total support and revenue is attributable to funds received from contractor and grantor agencies.

The Association is currently receiving and previously has received grants, contracts, and other third party funds which are subject to special compliance audits by the grantor and other third party agencies that provide these reimbursements. These audits may result in disallowed expense amounts.

Disallowed amounts, if any, constitute a contingent liability of the Association. Accordingly, such liabilities are not reflected within the financial statements of the Association, as management does not believe any contingent liabilities that may exist to be material.

**SUPPLEMENTARY
INFORMATION**

FLORIDA ASSOCIATION OF FOOD BANKS, INC.
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
Year Ended June 30, 2012

State Agency/Project Title	State CSFA#	Grantor's Contract Number	Project/ Award Amount	Receipts/ Revenue Recognized	Disbursements/ Expenditures
STATE PROJECTS					
Major (Type A)					
<u>Florida Department of Highway Safety and Motor Vehicles</u>					
Florida Food Banks License Plate -					
IMAGINE Specialty License Plate Proceeds	76.077	<u>N/A</u>	\$ 309,934	\$ 329,159 (1)	\$ 329,159
<u>Florida Department of Agriculture and Consumer Services</u>					
Contractual Services Agreement (FL-DACS)	42.019	17199	<u>500,000</u>	<u>500,000</u> (2)	<u>500,000</u>
TOTAL STATE FINANCIAL ASSISTANCE			<u>\$ 809,934</u>	<u>\$ 829,159</u>	<u>\$ 829,159</u>

Footnotes

(1) Includes receivables of \$125,000

(2) Includes \$19,225 in revenue received prior to June 30, 2012 but not included in award amount.

FLORIDA ASSOCIATION OF FOOD BANKS, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES OF
STATE FINANCIAL ASSISTANCE
Year ended June 30, 2012

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NOTE A - BASIS OF PRESENTATION

The Schedule of Expenditures of State Financial Assistance has been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America and is in accordance with the provisions of the Florida Single Audit Act (FS, 215.97) and the State of Florida, Rules of the Auditor General 10.650.

Expenditures reported on the Schedule of Expenditures of State Financial Assistance include cash disbursements, whether capitalized or expensed, during the fiscal year as well as grant related amounts recorded as payable at year end. Revenues reported on the Schedule of Expenditures of State Financial Assistance include cash receipts, whether recognized or deferred, as well as grant receivables recorded at year end.

NOTE B - INDIRECT COSTS

Florida Association of Food Banks, Inc. did not routinely allocate costs to State Financial Assistance programs. Costs charged to such programs were direct costs unless specifically incurred for the program and allowed and indicated as such.

**ADDITIONAL REPORTS OF
INDEPENDENT AUDITOR**



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

Board of Directors
 Florida Association of Food Banks, Inc.
 1365 Alcazar Avenue
 Fort Myers, FL 33901

We have audited the financial statements of Florida Association of Food Banks, Inc. as of and for the year ended June 30, 2012 and have issued our report thereon dated October 24, 2012. 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 of America.

Internal Control Over Financial Reporting

Management of Florida Association of Food Banks, Inc. is responsible for establishing and maintaining effective internal control over financial reporting.

In planning and performing our audit, we considered Florida Association of Food Banks, Inc.'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 Florida Association of Food Banks, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Florida Association of Food Banks, Inc.'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.

INTEGRITY SERVICE EXPERIENCE

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that adversely affects the entity'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 remote likelihood that a misstatement of the financial statements that is more than inconsequential will not be prevented or detected and corrected on a timely basis.

A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the basic financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section would not necessarily identify all deficiencies in internal control that might be deficiencies, 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 Florida Association of Food Banks, Inc.'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.

We, however, noted certain matters that we reported to the management of Florida Association of Food Banks, Inc. in our Report to Management dated October 24, 2012.

This report is intended solely for the information and use of the Board, Executive Committee, management, State awarding agencies, pass-through entities, the Auditor General of the State of Florida, and other State Audit agencies. This report is not intended to be, and should not be, used by anyone other than these specified parties.



TUSCAN & COMPANY, P.A.

Fort Myers, Florida

October 24, 2012



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**Independent Auditor's Report on Compliance with Requirements
 That Could Have a Direct and Material Effect on Each Major Project and on
 Internal Control Over Compliance in Accordance with the
 Florida Single Audit Act (Florida Statute 215.97)**

Board of Directors
 Florida Association of Food Banks, Inc.
 1365 Alcazar Avenue
 Fort Myers, FL 33901

Compliance

We have audited the compliance of Florida Association of Food Banks, Inc. with the types of compliance requirements described in the "State Projects Compliance Supplement" that are applicable to its major state project for the year ended June 30, 2012. Florida Association of Food Banks, Inc.'s major state projects are identified in the accompanying Schedule of Expenditures of State Financial Assistance. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state projects is the responsibility of Florida Association of Food Banks, Inc.'s management. Our responsibility is to express an opinion on Florida Association of Food Banks, Inc.'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; "the Florida Single Audit Act (Florida Statute 215.97) and the State of Florida, Rules of the Auditor General 10.650. Those Standards, the Florida Single Audit Act (Florida Statute 215.97) and the State of Florida, Rules of the Auditor General 10.650 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 state project occurred. An audit includes examining, on a test basis, evidence about Florida Association of Food Banks, Inc.'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 Florida Association of Food Banks, Inc.'s compliance with those requirements.

INTEGRITY SERVICE EXPERIENCE

In our opinion, Florida Association of Food Banks, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major state projects for the year ended June 30, 2012.

Internal Control Over Compliance

The management of Florida Association of Food Banks, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to state projects. In planning and performing our audit, we considered Florida Association of Food Banks, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major state project 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, 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 Florida Association of Food Banks, Inc.'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 state project 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 reasonable possibility that material noncompliance with a type of compliance requirement of a state project will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be 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, executive committee, management, State awarding agencies, pass-through entities, the Auditor General of the State of Florida, and State Audit agencies. This report is not intended to be, and should not be, used by anyone other than these specified parties.



TUSCAN & COMPANY, P.A.

Fort Myers, Florida

October 24, 2012

FLORIDA ASSOCIATION OF FOOD BANKS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - STATE
FINANCIAL ASSISTANCE
Year ended June 30, 2012

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor's report issued	Unqualified			
Internal control over financial reporting:				
Control deficiency(ies) identified?	_____	Yes	<u> X </u>	No
Significant deficiency(ies) Identified?	_____	Yes	<u> X </u>	No
Material weakness(es) Identified?	_____	Yes	<u> X </u>	None reported
Noncompliance material to financial statements noted?	_____	Yes	<u> X </u>	No

State Financial Assistance

Internal control over major projects:				
Control deficiency(ies) identified?	_____	Yes	<u> X </u>	No
Significant deficiency(ies) Identified?	_____	Yes	<u> X </u>	No
Material weakness(es) Identified?	_____	Yes	<u> X </u>	None reported
Type of auditors report issued on compliance for major projects	Unqualified			
Any audit findings disclosed that are required to be reported in accordance with Section 215.97, Florida Statutes, and Chapter 10.650, Rules of the Auditor General?	_____	Yes	<u> X </u>	No

Identification of major projects:

CSFA

<u>Number(s)</u>	<u>Name of State Project</u>
76.077	IMAGINE Specialty License Plate Proceeds
42.019	FL - DACS Contractual Services Agreement

Dollar threshold used to distinguish between Type A and Type B projects

Threshold used was \$248,748.

Auditee qualified as low-risk auditee?	_____	Yes	<u> X </u>	No
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FLORIDA ASSOCIATION OF FOOD BANKS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - STATE
FINANCIAL ASSISTANCE, CONTINUED
For the Year ended June 30, 2012

Page 23 of 25

Section II- Financial Statement Findings

There were no deficiencies, material weaknesses, or instances of noncompliance related to the financial statements.

Section III- State Award Findings and Questioned Costs

There were no audit findings related to State Awards required to be reported by Auditor General Rule 10.654(1)(h)4.

Section IV- Status of State Prior Year Findings

There were no prior year findings. There was no single audit required for the year ended June 30, 2011.



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INDEPENDENT AUDITOR'S REPORT TO MANAGEMENT

To the Board of Directors
 Florida Association of Food Banks, Inc.
 1365 Alcazar Avenue
 Fort Myers, FL 33901

In planning and performing our audit of the financial statements of Florida Association of Food Banks, Inc. (the "Association") (a not-for-profit Florida corporation), for the period ended June 30, 2012, we considered the Association's internal control components as a basis for designing our audit procedures. Although our audit was not designed to provide assurance on internal control, we noted certain matters involving internal control and its operation and are submitting, for your consideration, related recommendations designed to help the Association make improvements and achieve operational efficiencies. Our comments reflect our desire to be of continuing assistance to the Association.

PRIOR YEAR COMMENTS THAT CONTINUE TO APPLY:

2011-3 Authorized Bank Signers Should Be Reviewed and Updated, If Necessary

During the 2011 audit, we obtained authorized signer information for the Association's Operating (General) Account and other accounts. We noted that one (1) individual listed as an authorized signer on the Operating Account was no longer a Board member of the Association as of June 30, 2011. We recommend that management routinely review its authorized signer lists and update the lists, if necessary, when there are changes in management and/or the Board.

Current Year Addendum: We noted that new Board members were approved at the June 7, 2012 Board meeting. We have been informed that management is currently in the process of updating the signature cards to reflect these new signers.

INTEGRITY SERVICE EXPERIENCE

CURRENT YEAR COMMENTS:

2012-1 Board Should Analyze Balance in Temporarily Restricted Net Assets

During the audit we noted that there is a large balance of temporarily restricted net assets. Most of this balance was accumulated prior to fiscal year 2011. The Board should determine the source of these funds and evaluate whether they have been expended in accordance with their intended purpose. The Board and management should then determine if it is necessary to reclassify a portion of the temporarily restricted revenues to unrestricted.

This report is intended solely for the information and use of the Board, Executive Committee, management, State awarding agencies, pass-through entities, the Auditor General of the State of Florida and other State audit agencies. This report is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Tuscan & Company, P.A.".

TUSCAN & COMPANY, P.A.

Fort Myers, Florida

October 24, 2012

EXHIBIT



Florida

Association of Food Banks

Member Organizations:

Agape Food Bank
Lakeland, Florida
863-665-7074

All Faiths Food Bank
Sarasota, Florida
941-379-6333

Feeding America Tampa Bay
Tampa, Florida
813-254-1190

America's Second Harvest
of the Big Bend, Inc.
Tallahassee, Florida
850-562-3033

Bay Area Food Bank
Milton, Florida
888-704-3663

Bread of the Mighty
Food Bank
Gainesville, Florida
352-336-0839

Feeding South Florida
Pembroke Park, Florida
305-633-9861

First Step Food Bank
Ocala, Florida
352-732-5500

Food Bank of Manatee
Bradenton, Florida
941-747-4655

Florida Gateway Food Bank
Lake City, Florida
386-755-5683

Harry Chapin Food Bank
of Southwest Florida
Fort Myers, Florida
239-334-7007

Second Harvest Food Bank
of Central Florida
Orlando, Florida
407-295-1066

Second Harvest Food Bank
of Northeast Florida
Jacksonville, Florida
904-353-3663

Treasure Coast Food Bank
Fort Pierce, Florida
772-489-5676

January 7, 2013

Jeff Tuscan
Tuscan and Company
12621 World Plaza Lane, Building 55
Fort Myers, FL 33907

Dear Mr. Tuscan:

Thank you for the recommendations contained in the Independent Auditor's Report to Management for fiscal year 2011-12. Your feedback is valuable to us in our ongoing efforts to improve our management. Below is our response to the report.

2011-3 Authorized Bank Signers Should Be Reviewed and Updated, If Necessary:

FAFB was providing to the bank in question the necessary documentation to update authorized signers on the account. After receiving the management letter, we followed up yet again with Suntrust and were informed that they also require a letter specifically removing individuals who are no longer on the board. FAFB has since prepared such a letter and has prepared a memo for our records to prevent a reoccurrence of this problem in the future.

Current Year Addendum:

Management has updated signature cards for the current year for the CNL account. Additional signatories will be added to the Suntrust accounts incrementally due to the geographical location of board members and the timing required by Suntrust to process the requests.

2012-1 Board Should Analyze Balance in Temporarily Restricted Net Assets:

The Executive Committee has reviewed the recommendation. Following the Audit presentation at the January 22, 2013 Board of Directors meeting, the Board will discuss and vote on a motion to review on a quarterly basis the source of restricted funds, whether they have been expended in accordance with their intended purpose, and to determine whether to reclassify a portion of the temporarily restricted revenues to unrestricted revenues.

We appreciate the professionalism as well as the collaborative nature of your team and look forward to working with you on future audits.

Sincerely,

A handwritten signature in cursive script that reads "Rebecca Brislain".

Rebecca Brislain
Executive Director
Florida Association of Food Banks