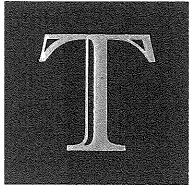


**FLORIDA ASSOCIATION OF FOOD BANKS, INC.
FINANCIAL STATEMENTS AND SUPPLEMENTARY
INFORMATION TOGETHER WITH
REPORTS OF INDEPENDENT AUDITOR**

**Years Ended
June 30, 2013 and 2012**

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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

Report on the Financial Statements

We have audited the accompanying financial statements of Florida Association of Food Banks, Inc. (a Florida not-for-profit organization) which comprise the statements of financial position as of June 30, 2013 and 2012, and the related statements of activities, functional expenses, and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express

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no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, based on our audits, 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, 2013 and 2012, and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion 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, 2013 and the Notes thereto as required by the Florida Single Audit Act (Florida Statute Chapter 215.97) and the State of Florida Auditor General Rule 10.650 are presented for purposes of additional analysis 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. Such 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 accompanying Schedule of Expenditures of State Financial Assistance for the year ended June 30, 2013 and the Notes thereto are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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. 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.

Board of Directors
Florida Association of Food Banks, Inc.
Page 3

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 16, 2013, on our consideration of Florida Association of Food Banks, Inc.'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 Government Auditing Standards in considering Florida Association of Food Banks, Inc.'s internal control over financial reporting and compliance.

Tuscan & Company, P.A.

TUSCAN & COMPANY, P.A.
Fort Myers, Florida
December 16, 2013

FLORIDA ASSOCIATION OF FOOD BANKS, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2013 and 2012

ASSETS	<u>2013</u>	<u>2012</u>
CURRENT ASSETS		
Cash and cash equivalents (including restricted cash of \$0 and \$383,239 as of June 30, 2013 and 2012, respectively)	\$ 392,438	\$ 808,570
Contract and grant receivables	-	125,000
Prepaid expenses	<u>688</u>	<u>677</u>
TOTAL CURRENT ASSETS	393,126	934,247
EQUIPMENT, NET	<u>1,563</u>	<u>1,150</u>
TOTAL ASSETS	<u>\$ 394,689</u>	<u>\$ 935,397</u>
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accrued liabilities	\$ 12,841	\$ 175,948
Deferred revenue - prepaid membership dues	<u>2,375</u>	<u>2,975</u>
TOTAL CURRENT LIABILITIES	<u>15,216</u>	<u>178,923</u>
COMMITMENTS AND CONTINGENCIES		
	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>15,216</u>	<u>178,923</u>
NET ASSETS		
Unrestricted	379,473	373,235
Temporarily restricted	<u>-</u>	<u>383,239</u>
TOTAL NET ASSETS	<u>379,473</u>	<u>756,474</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 394,689</u>	<u>\$ 935,397</u>

The accompanying notes are an integral part of this statement.

FLORIDA ASSOCIATION OF FOOD BANKS, INC.
STATEMENTS OF ACTIVITIES
Years Ended June 30, 2013 and 2012

	2013		
	Unrestricted	Temporarily Restricted	Total
CHANGES IN NET ASSETS			
PUBLIC SUPPORT, REVENUES AND RECLASSIFICATIONS			
Grants - non-governmental	\$ 297,500	\$ -	\$ 297,500
Transportation - FL DACS	400,000	-	400,000
Membership dues	5,950	-	5,950
Auto tag revenue - IMAGINE	333,429	-	333,429
Auto tag revenue - END HUNGER	16,277	-	16,277
Donations	19,560	-	19,560
Other	5	-	5
	<u>1,072,721</u>	<u>-</u>	<u>1,072,721</u>
TOTAL PUBLIC SUPPORT AND REVENUES	1,072,721	-	1,072,721
Net assets released from restrictions:	<u>383,239</u>	<u>(383,239)</u>	<u>-</u>
	<u>1,455,960</u>	<u>(383,239)</u>	<u>1,072,721</u>
TOTAL PUBLIC SUPPORT AND REVENUES AND RECLASSIFICATIONS	1,455,960	(383,239)	1,072,721
EXPENSES			
Program services	1,379,460	-	1,379,460
Support services	70,262	-	70,262
	<u>1,449,722</u>	<u>-</u>	<u>1,449,722</u>
TOTAL EXPENSES	1,449,722	-	1,449,722
INCREASE (DECREASE) IN NET ASSETS	6,238	(383,239)	(377,001)
NET ASSETS, BEGINNING OF YEAR	<u>373,235</u>	<u>383,239</u>	<u>756,474</u>
NET ASSETS, END OF YEAR	<u>\$ 379,473</u>	<u>\$ -</u>	<u>\$ 379,473</u>

The accompanying notes are an integral part of this statement.

2012		
Unrestricted	Temporarily Restricted	Total
\$ -	\$ 162,500	\$ 162,500
500,000	-	500,000
5,950	-	5,950
329,159	-	329,159
32,616	-	32,616
<u>1,855</u>	<u>-</u>	<u>1,855</u>
869,580	162,500	1,032,080
<u>148,203</u>	<u>(148,203)</u>	<u>-</u>
<u>1,017,783</u>	<u>14,297</u>	<u>1,032,080</u>
947,911	-	947,911
<u>87,316</u>	<u>-</u>	<u>87,316</u>
<u>1,035,227</u>	<u>-</u>	<u>1,035,227</u>
(17,444)	14,297	(3,147)
<u>390,679</u>	<u>368,942</u>	<u>759,621</u>
<u>\$ 373,235</u>	<u>\$ 383,239</u>	<u>\$ 756,474</u>

FLORIDA ASSOCIATION OF FOOD BANKS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2013

FUNCTIONAL EXPENSES	2013 PROGRAM SERVICES				
	Farmers Feeding Florida	Hunger Awareness	Training	Disaster Prep Response	FL-DACS
Accounting	\$ 2,583	\$ 2,683	\$ 1,033	\$ 517	\$ -
Admin fee PIAM	-	-	-	-	-
Audit	2,910	2,910	1,164	582	-
Bank charges	-	-	-	-	-
BCBS	-	-	-	-	-
Board of Directors expenses	-	-	3,980	206	-
Capital expenditures	-	43	-	-	-
Conferences registrations	1,055	157	552	-	-
DACS - incentives	-	-	-	-	-
Depreciation expense	-	1,148	-	-	-
DHSMV fee	-	-	-	-	-
Directors & officers insurance	-	-	-	-	-
Dues and subscriptions	387	233	-	483	-
Education & advocacy	4,800	15,900	9,000	300	-
Executive director	18,372	20,769	7,349	7,349	-
Farmers Feeding Florida Incentives	606,579	-	-	-	-
Licenses and fees	25	-	-	-	-
Lobbying	-	-	-	-	-
Marketing - auto tag	-	62,257	-	-	-
Misc.	30	-	-	563	-
Office supplies	438	865	48	24	-
Office rental	405	405	162	81	-
Payroll fees	401	401	401	401	-
Payroll taxes	5,009	5,009	1,670	1,670	-
Postage & delivery	137	188	15	7	-
Printing & reproduction	5	465	108	-	-
Project manager	40,000	-	-	-	-
Simple IRA match	-	-	-	-	-
Staff	95,411	38,096	-	3,518	-
Telephone	1,918	338	103	52	-
Transportation allocation	-	-	-	-	-
Staff contractor travel	30,498	6,713	6,672	1,294	359,995
Website	74	340	136	68	-
TOTAL EXPENSES	\$ 811,037	\$ 158,920	\$ 32,393	\$ 17,115	\$ 359,995

The accompanying notes are an integral part of this statement.

2013			
SUPPORTING SERVICES			
Total Program Services	General and Administrative	Total Supporting Services	Total Expenses
\$ 6,816	\$ 2,965	\$ 2,965	\$ 9,781
-	-	-	-
7,566	4,074	4,074	11,640
-	322	322	322
-	-	-	-
4,186	4,187	4,187	8,373
43	680	680	723
1,764	-	-	1,764
-	-	-	-
1,148	-	-	1,148
-	-	-	-
-	1,244	1,244	1,244
1,103	233	233	1,336
30,000	-	-	30,000
53,839	18,495	18,495	72,334
606,579	-	-	606,579
25	70	70	95
-	6,269	6,269	6,269
62,257	21,101	21,101	83,358
593	657	657	1,250
1,375	244	244	1,619
1,053	767	767	1,820
1,604	401	401	2,005
13,358	3,169	3,169	16,527
347	84	84	431
578	-	-	578
40,000	-	-	40,000
-	3,871	3,871	3,871
137,025	1,023	-	137,025
2,411	406	406	2,817
359,995	-	-	359,995
45,177	-	1,023	46,200
618	-	-	618
<u>\$ 1,379,460</u>	<u>\$ 70,262</u>	<u>\$ 70,262</u>	<u>\$ 1,449,722</u>

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>

FLORIDA ASSOCIATION OF FOOD BANKS, INC.
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from grants and contracts	\$ 1,172,206	\$ 867,084
Cash received from donations	19,565	32,616
Cash received from members	5,350	8,925
Cash payments to suppliers and personnel	<u>(1,611,692)</u>	<u>(878,487)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>(414,571)</u>	<u>30,138</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of equipment	<u>(1,561)</u>	<u>(1,278)</u>
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>(1,561)</u>	<u>(1,278)</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 (decrease) in cash and cash equivalents	(416,132)	28,860
CASH AND CASH EQUIVALENTS - BEGINNING	<u>808,570</u>	<u>779,710</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 392,438</u>	<u>\$ 808,570</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>2013</u>	<u>2012</u>
Increase (Decrease) in net assets	\$(377,001)	\$ (3,147)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities		
Depreciation	1,148	128
(Increase) decrease in contracts and grants receivables	125,000	(124,575)
(Increase) decrease in prepaid expenses	(11)	-
Increase (decrease) in accrued liabilities	(163,107)	154,757
Increase (decrease) in deferred revenue - prepaid dues	<u>(600)</u>	<u>2,975</u>
TOTAL ADJUSTMENTS	<u>(37,570)</u>	<u>33,285</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$(414,571)</u>	<u>\$ 30,138</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".

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, 2013 and 2012, 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, 2013 and 2012, 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, 2013 and 2012.

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 open and 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 December 16, 2013, 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, 2013 and 2012, 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>2013</u>	<u>2012</u>
Depository accounts	\$ 392,438	\$ 808,570
	<u>\$ 392,438</u>	<u>\$ 808,570</u>

Cash includes cash restricted, if any, 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>2013</u>	<u>2012</u>
Amount covered by Federal Depository Insurance	\$ 414,136	\$ 500,000
Amount uninsured	-	311,867
	<u>\$ 414,136</u>	<u>\$ 811,867</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>2013</u>	<u>2012</u>
Office equipment	\$ 2,839	\$ 1,278
Less: Accumulated depreciation	(1,276)	(128)
	<u>\$ 1,563</u>	<u>\$ 1,150</u>

Depreciation expense for the years ended June 30, 2013 and 2012 was \$1,148 and \$128, respectively.

NOTE D - ACCRUED EXPENSES

Accrued expenses consist of the following at June 30:

	<u>2013</u>	<u>2012</u>
Accounts payable	\$ 7,888	\$ 173,127
Accrued payroll	4,039	2,217
Accrued payroll tax	309	169
Other accrued expenses	605	435
	<u>\$ 12,841</u>	<u>\$ 175,948</u>

NOTE E - NET ASSETS

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

	<u>2013</u>	<u>2012</u>
IMAGINE - auto license tag revenue	\$ -	\$ 220,739
General grants	-	162,500
Total temporarily restricted net assets	<u>\$ -</u>	<u>\$ 383,239</u>

NOTE F - UNRESTRICTED NET ASSETS

Unrestricted net assets consist of the following at June 30:

	<u>2013</u>	<u>2012</u>
Unrestricted - undesignated	\$ 379,473	\$ 373,235
Unrestricted - designated	<u>-</u>	<u>-</u>
	<u>\$ 379,473</u>	<u>\$ 373,235</u>

At June 30, 2013 and 2012, 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, 2013 and 2012.

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, 2013 and 2012, substantially 98% and 96% 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.

FLORIDA ASSOCIATION OF FOOD BANKS, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013 and 2012

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NOTE I - RETIREMENT PLAN

The Association provides a simple IRA defined contribution retirement plan (the "Plan") to its eligible full-time employees and contributes a match of up to 3% of annual base pay to the Plan. The Plan is administered by a third party administrator. For the years ended June 30, 2013 and 2012, retirement expense of \$3,871 and \$1,448 respectively, was incurred by the Association.

NOTE J - SUBSEQUENT EVENTS

Subsequent to the year ended June 30, 2013, the Association obtained a one year \$175,000 line of credit (LOC) payable to a financial institution dated October 8, 2013. The LOC is collateralized by all personal property of Florida Association of Food Banks and has a variable interest rate of 1% over the prime interest rate. As of October 8, 2013, the interest rate was 4.25%.

**SUPPLEMENTARY
INFORMATION**

FLORIDA ASSOCIATION OF FOOD BANKS, INC.
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
Year Ended June 30, 2013

<u>State Agency/Project Title</u>	<u>State CSFA#</u>	<u>Grantor's Contract Number</u>	<u>Project/Award Amount</u>	<u>Receipts/Revenue Recognized</u>	<u>Disbursements/Expenditures</u>
STATE PROJECTS					
Major (Type A)					
<u>Florida Department of Highway Safety and Motor Vehicles</u>					
Florida Food Banks Auto Tag -					
IMAGINE Specialty License Plate Proceeds	76.077	N/A	\$ 333,429	\$ 333,429	\$ 333,429
<u>Florida Department of Agriculture and Consumer Services</u>					
Contractual Services Agreement (FL-DACS)	42.019	19008	<u>400,000</u>	<u>400,000</u>	<u>400,000</u>
TOTAL STATE FINANCIAL ASSISTANCE			<u>\$ 733,429</u>	<u>\$ 733,429</u>	<u>\$ 733,429</u>

FLORIDA ASSOCIATION OF FOOD BANKS, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES OF
STATE FINANCIAL ASSISTANCE
Year ended June 30, 2013

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NOTE A - BASIS OF PRESENTATION

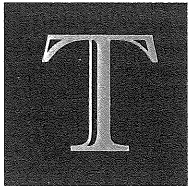
The Schedule of Expenditures of State Financial Assistance has been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America and is in accordance with the provisions of the Florida Single Audit Act (FS, 215.97) and the State 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, 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, the financial statements of Florida Association of Food Banks, Inc, which comprise the statement of financial position as of June 30, 2013 and the related statements of activities, functional expenses and cash flows for the year ended June 30, 2013 and the related notes to the financial statements, and have issued our report thereon dated December 16, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Florida Association of Food Banks, Inc's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Florida Association of Food Banks, Inc's internal control. Accordingly, we do not express an opinion on the effectiveness of Florida Association of Food Banks, Inc's internal control.

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

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corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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.

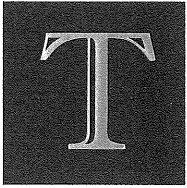
We, however, noted certain matters that we reported to the management of Florida Association of Food Banks, Inc. in our Report to Management dated December 16, 2013.

Purpose of this Report

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



TUSCAN & COMPANY, P.A.
Fort Myers, Florida
December 16, 2013



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**Independent Auditor's Report on Compliance with Requirements
 That Could Have a Direct and Material Effect on Each Major
 Program 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

Report on Compliance for Each Major State Program

We have audited Florida Association of Food Banks, Inc.'s compliance with the types of compliance requirements described in the "State Projects Compliance Supplement" that could have a direct and material effect on each of Florida Association of Food Banks, Inc.'s major state projects for the year ended June 30, 2013. Florida Association of Food Banks, Inc.'s major state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state projects.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Florida Association of Food Banks, Inc.'s major state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States of America; and the Florida Single Audit Act (Florida Statute Chapter 215.97) and the State of Florida Rules of the Auditor General 10.650. Those standards and the Florida Single Audit Act (Florida Statute Chapter 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

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requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state project. However, our audit does not provide a legal determination of Florida Association of Food Banks, Inc.'s compliance.

Opinion on Each Major State Project

In our opinion, Florida Association of Food Banks, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state projects for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of Florida Association of Food Banks, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Florida Association of Food Banks, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each state project and to test and report on internal control over compliance in accordance with the Florida Single Audit Act (Florida Statute Chapter 215.97) and the State of Florida Rules of the Auditor General 10.650, 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 a 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. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

Purpose of the Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Florida Single Audit Act (Florida Statute Chapter 215.97) and the State of Florida Rules of the Auditor General 10.650. Accordingly, this report is not suitable for any other purpose.

Tuscan & Company, P.A.

TUSCAN & COMPANY, P.A.
Fort Myers, Florida
December 16, 2013

FLORIDA ASSOCIATION OF FOOD BANKS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - STATE
FINANCIAL ASSISTANCE
Year ended June 30, 2013

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor's report issued	Unmodified		
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	Unmodified		
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 \$220,029.

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, 2013

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Section II- Financial Statement Findings

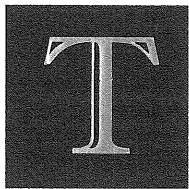
There were no deficiencies, material weaknesses, or instances of noncompliance related to the financial statements.

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.



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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, 2013, 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:

Prior Year Comments Appear to Have Been Resolved

CURRENT YEAR COMMENTS:

No Financially Significant Comments Noted

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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.

TUSCAN & COMPANY, P.A.

Fort Myers, Florida

December 16, 2013

EXHIBIT