

**HARRY CHAPIN FOOD BANK
OF SOUTHWEST FLORIDA, INC.
FINANCIAL STATEMENTS AND SUPPLEMENTARY
INFORMATION TOGETHER WITH
REPORTS OF INDEPENDENT AUDITOR
YEARS ENDED
JUNE 30, 2015 AND 2014**

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Private Companies Practice Section

Tax Division

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Harry Chapin Food Bank of Southwest Florida, Inc.
3760 Fowler Street
Fort Myers, Florida 33901

Report on the Financial Statements

We have audited the accompanying financial statements of Harry Chapin Food Bank of Southwest Florida, Inc. (a Florida not-for-profit corporation), which comprise the statements of financial position as of June 30, 2015 and 2014, 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 misstatements, 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 Audit 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

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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 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, the financial statements referred to above present fairly, in all material respects, the financial position of Harry Chapin Food Bank of Southwest Florida, Inc. as of June 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years 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 Harry Chapin Food Bank of Southwest Florida, Inc. taken as a whole. The accompanying Schedule of Expenditures of Federal Awards for the year ended June 30, 2015 and the Notes thereto are presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations" 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 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 Federal Awards for the year ended June 30, 2015 and the Notes thereto are fairly stated in all material respects in relation to the financial statements taken as a whole.

Prior Period Financial Statements

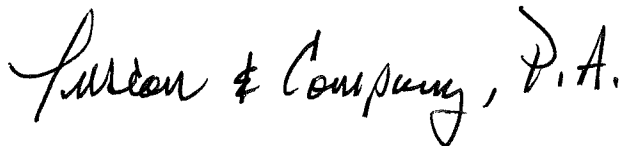
The financial statements of Harry Chapin Food Bank of Southwest Florida, Inc. as of and for the year ended June 30, 2013, were audited by other auditors whose report dated February 4, 2014, expressed an unmodified opinion on those statements.

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 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.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 6, 2015, on our consideration of Harry Chapin Food Bank of Southwest Florida, 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 Harry Chapin Food Bank of Southwest Florida, Inc.'s internal control over financial reporting and compliance.



TUSCAN & COMPANY, P.A.
Fort Myers, Florida
October 6, 2015

HARRY CHAPIN FOOD BANK OF SOUTHWEST FLORIDA, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2015 and 2014

ASSETS	2015	2014
CURRENT ASSETS		
Cash and cash equivalents (including restricted cash of \$687,298 and \$855,273 for 2015 and 2014, respectively)	\$ 2,253,178	\$ 1,999,645
Investments	27,447	28,230
Accounts receivable	270,623	188,246
Unconditional promises to give, current portion, restricted	155,727	76,793
Prepaid expenses	29,885	69,215
Inventory	1,285,275	1,256,242
TOTAL CURRENT ASSETS	4,022,135	3,618,371
PROPERTY AND EQUIPMENT, NET		
	3,872,194	3,719,269
OTHER ASSETS		
Unconditional promises to give, net current portion, restricted	80,848	75,799
Deposits	3,441	4,269
Land available for sale	952,422	952,422
TOTAL OTHER ASSETS	1,036,711	1,032,490
TOTAL ASSETS	\$ 8,931,040	\$ 8,370,130
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 32,957	\$ 404
Accrued payroll and benefits	145,080	96,330
Grants for agencies - restricted	284,793	204,232
Compensated absences	93,423	73,981
Capital lease payable, current portion	516	3,144
Long-term debt, current portion	72,484	2,373,243
TOTAL CURRENT LIABILITIES	629,253	2,751,334
LONG-TERM LIABILITIES		
Capital lease payable, net of current portion	-	263
Long-term debt, net of current portion	2,111,957	-
TOTAL LONG-TERM LIABILITIES	2,111,957	263
COMMITMENTS AND CONTINGENCIES		
	-	-
TOTAL LIABILITIES	2,741,210	2,751,597
NET ASSETS		
Operating	3,822,600	3,435,948
Investment in property and equipment, net	1,687,237	1,342,619
TOTAL UNRESTRICTED	5,509,837	4,778,567
Temporarily restricted	652,495	812,468
Permanently restricted	27,498	27,498
TOTAL NET ASSETS	6,189,830	5,618,533
TOTAL LIABILITIES AND NET ASSETS	\$ 8,931,040	\$ 8,370,130

The accompanying notes are an integral part of this statement.

HARRY CHAPIN FOOD BANK OF SOUTHWEST FLORIDA, INC.
STATEMENTS OF ACTIVITIES
Years Ended June 30, 2015 and 2014

	2015			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
CHANGES IN NET ASSETS				
REVENUES AND SUPPORT				
Gross proceeds from special events and fundraising	\$ 1,799,509	\$ 561,657	\$ -	\$ 2,361,166
Less direct costs	<u>345,366</u>	<u>-</u>	<u>-</u>	<u>345,366</u>
Net proceeds from special events and fundraising	1,454,143	561,657	-	2,015,800
Food contributions - USDA	1,499,947	-	-	1,499,947
Food contributions - USDA CSFP	30,411	-	-	30,411
Food contributions - other	26,609,814	-	-	26,609,814
Government programs	298,473	142,339	-	440,812
United Way	259,755	5,000	-	264,755
Grants and donations Programs	2,499,689	378,000	-	2,877,689
	719,617	-	-	719,617
Unrealized gain (loss) on investments	-	-	-	-
Other	<u>37,338</u>	<u>-</u>	<u>-</u>	<u>37,338</u>
TOTAL	33,409,187	1,086,996	-	34,496,183
Net assets released from restrictions	<u>1,246,969</u>	<u>(1,246,969)</u>	<u>-</u>	<u>-</u>
TOTAL REVENUES AND SUPPORT	<u>34,656,156</u>	<u>(159,973)</u>	<u>-</u>	<u>34,496,183</u>
EXPENSES				
Program services	33,013,666	-	-	33,013,666
Supporting services	<u>911,220</u>	<u>-</u>	<u>-</u>	<u>911,220</u>
TOTAL EXPENSES	<u>33,924,886</u>	<u>-</u>	<u>-</u>	<u>33,924,886</u>
INCREASE (DECREASE) IN NET ASSETS	731,270	(159,973)	-	571,297
NET ASSETS, BEGINNING OF YEAR	<u>4,778,567</u>	<u>812,468</u>	<u>27,498</u>	<u>5,618,533</u>
NET ASSETS, END OF YEAR	<u>\$ 5,509,837</u>	<u>\$ 652,495</u>	<u>\$ 27,498</u>	<u>\$ 6,189,830</u>

The accompanying notes are an integral part of this statement.

2014			
<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
\$ 1,705,189	\$ 262,098	\$ -	\$1,967,287
<u>359,708</u>	<u>-</u>	<u>-</u>	<u>359,708</u>
1,345,481	262,098	-	1,607,579
1,929,246	-	-	1,929,246
-	-	-	-
24,881,775	-	-	24,881,775
248,804	154,520	-	403,324
227,585	5,000	-	232,585
2,139,094	418,170	10,000	2,567,264
679,636	-	-	679,636
2,434	-	-	2,434
<u>13,836</u>	<u>-</u>	<u>-</u>	<u>13,836</u>
31,467,891	839,788	10,000	32,317,679
<u>503,446</u>	<u>(505,446)</u>	<u>2,000</u>	<u>-</u>
<u>31,971,337</u>	<u>334,342</u>	<u>12,000</u>	<u>32,317,679</u>
31,148,681	-	-	31,148,681
<u>840,168</u>	<u>-</u>	<u>-</u>	<u>840,168</u>
<u>31,988,849</u>	<u>-</u>	<u>-</u>	<u>31,988,849</u>
(17,512)	334,342	12,000	328,830
<u>4,796,079</u>	<u>478,126</u>	<u>15,498</u>	<u>5,289,703</u>
<u>\$ 4,778,567</u>	<u>\$ 812,468</u>	<u>\$ 27,498</u>	<u>\$5,618,533</u>

The accompanying notes are an integral part of this statement.

HARRY CHAPIN FOOD BANK OF SOUTHWEST FLORIDA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2015

FUNCTIONAL EXPENSES	Program Services	SUPPORTING SERVICES			2015 Total Expenses
		Admin.	Fund Raising	Total Supporting Services	
Payroll and related expenses	\$ 1,996,136	\$ 197,618	\$ 448,880	\$ 646,498	\$ 2,642,634
Insurance	373,234	32,144	75,640	107,784	481,018
Utilities	98,923	5,814	3,240	9,054	107,977
Vehicle	310,924	6,330	3,872	10,202	321,126
Business travel	12,289	5,234	3,830	9,064	21,353
Cost of food	572,062	-	-	-	572,062
Agency program	250,724	-	-	-	250,724
Pick and pack out	183,577	-	-	-	183,577
Maintenance	91,298	3,454	-	3,454	94,752
Transportation	251,971	2,856	-	2,856	254,827
Finance	132,046	842	6,529	7,371	139,417
Technology	44,878	4,494	8,587	13,081	57,959
Other	234,253	40,877	60,979	101,856	336,109
Loss on disposal of property and equipment	-	-	-	-	-
Food distribution	<u>28,103,779</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,103,779</u>
Total expenses before depreciation	32,656,094	299,663	611,557	911,220	33,567,314
Depreciation	<u>357,572</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>357,572</u>
TOTAL EXPENSES	<u>\$ 33,013,666</u>	<u>\$ 299,663</u>	<u>\$ 611,557</u>	<u>\$ 911,220</u>	<u>\$ 33,924,886</u>

The accompanying notes are an integral part of this statement.

HARRY CHAPIN FOOD BANK OF SOUTHWEST FLORIDA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2014

FUNCTIONAL EXPENSES	Program Services	SUPPORTING SERVICES			2014 Total Expenses
		Admin.	Fund Raising	Total Supporting Services	
Payroll and related expenses	\$ 1,694,732	\$ 165,303	\$ 466,690	\$ 631,993	\$ 2,326,725
Insurance	282,852	24,641	67,295	91,936	374,788
Utilities	82,962	5,069	2,808	7,877	90,839
Vehicle	328,324	7,387	4,345	11,732	340,056
Business travel	10,191	1,606	4,322	5,928	16,119
Cost of food	482,906	-	-	-	482,906
Agency programs	268,606	-	-	-	268,606
Pick and pack out	112,392	4,775	-	4,775	117,167
Maintenance	76,265	2,685	-	2,685	78,950
Transportation	203,696	-	-	-	203,696
Finance	147,693	1,024	6,071	7,095	154,788
Technology	51,893	4,921	10,743	15,664	67,557
Other	187,849	36,786	23,697	60,483	248,332
Loss on disposal of property and equipment	5,952	-	-	-	5,952
Food distributions	<u>26,885,065</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,885,065</u>
Total expenses before depreciation	30,821,378	254,197	585,971	840,168	31,661,546
Depreciation	<u>327,303</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>327,303</u>
TOTAL EXPENSES	<u><u>\$ 31,148,681</u></u>	<u><u>\$ 254,197</u></u>	<u><u>\$ 585,971</u></u>	<u><u>\$ 840,168</u></u>	<u><u>\$31,988,849</u></u>

The accompanying notes are an integral part of this statement.

HARRY CHAPIN FOOD BANK OF SOUTHWEST FLORIDA, INC.
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from donations, grants, contracts & programs	\$ 4,200,479	\$ 3,846,384
Cash received from fundraising and events	2,361,166	1,967,287
Interest and other income received	-	13,836
Cash payments to suppliers and personnel	(5,519,011)	(5,041,242)
Interest paid	<u>(116,468)</u>	<u>(134,910)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>926,166</u>	<u>651,355</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	-	(7,000)
Purchases of property & equipment	(490,940)	(67,480)
Proceeds from sales of property and equipment	<u>10,000</u>	<u>-</u>
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>(480,940)</u>	<u>(74,480)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments of capital leases	(2,891)	(2,773)
Principal payments on notes and mortgages	<u>(188,802)</u>	<u>(200,952)</u>
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	<u>(191,693)</u>	<u>(203,725)</u>
Net increase (decrease) in cash and cash equivalents	253,533	373,150
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>1,999,645</u>	<u>1,626,495</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 2,253,178</u>	<u>\$ 1,999,645</u>

NON-CASH TRANSACTIONS

Non-cash operating activities have been eliminated and include the following for the year ended June 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Non-cash revenues	<u>\$ 28,184,888</u>	<u>\$ 28,670,055</u>
Non-cash expenditures	<u>\$ 28,165,330</u>	<u>\$ 28,744,099</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>2015</u>	<u>2014</u>
Increase (Decrease) in Net Assets	\$ 571,297	\$ 328,830
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided by (Used In) Operating Activities		
Depreciation	357,572	327,303
Amortization of pledge discount	4,517	559
Noncash donations - beneficial interest	-	(5,000)
Noncash donations - property and equipment	(19,557)	-
(Gain) Loss on disposal of property and equipment	(10,000)	5,952
Unrealized investment (gain) loss	783	(2,434)
(Increase) decrease in accounts receivable	(82,377)	(43,394)
(Increase) decrease in promises to give	(88,500)	11,410
(Increase) decrease in prepaid expenses	39,330	(44,205)
(Increase) decrease in inventory, noncash	(29,033)	(53,355)
(Increase) decrease in deposits	828	(3,019)
(Increase) decrease in accounts payable	32,553	(9,959)
(Increase) decrease in accrued expenses	-	(5,629)
(Increase) decrease in accrued payroll and benefits	48,750	16,492
(Increase) decrease in grants for agencies	80,561	140,148
(Increase) decrease in compensated absences	<u>19,442</u>	<u>(12,344)</u>
TOTAL ADJUSTMENTS	<u>354,869</u>	<u>322,525</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ 926,166</u>	<u>\$ 651,355</u>

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Activities

Harry Chapin Food Bank of Southwest Florida, Inc. (the "Organization") was incorporated on January 21, 1983, under the laws of Florida as a nonprofit organization to provide food for the homeless and the low income of Lee County, Florida. Since its inception, the Organization expanded its services to include the distribution of food to other nonprofit agencies in Lee, Collier, Charlotte, Glades and Hendry Counties. The Organization partners with 150+ agencies that provide direct services to those in need including church food pantries, soup kitchens, emergency shelters, disaster relief and more.

Specifically, the Organization's mission is to overcome hunger in Lee, Collier, Charlotte, Glades, and Hendry Counties through education and by working in a cooperative effort with affiliated agencies in the procurement and distribution of food, equitably and without discrimination.

The Organization's revenue is generated substantially through special events, fundraising, contributions and grants.

Program Summary

Volunteer Services: Volunteers are a vital part of the success of the programs at Harry Chapin Food Bank of Southwest Florida, Inc. In fiscal year 2015, more than 6,500 volunteers collectively provided 53,160 hours, which equate to more than \$1,200,000 in in-kind service.

Basis of Accounting

The accounting and reporting policies of the Organization 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" and the Accounting Standards issued by the Financial Accounting Standards Board (FASB) in the Accounting Standards Codification (ASC).

The Organization 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.

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

Financial Statement Presentation

The financial statement presentation follows the recommendations of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-225-45-1 (formerly Statement of Financial Accounting Standards (SFAS) No. 117), "Financial Statements of Not-for-Profit Organizations". Under FASB ASC 958-225-45-1, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted.

The Organization reports its contributions in accordance with FASB ASC 958-605-50-1 (formerly SFAS No. 116) "Accounting for Contributions Received and Contributions Made". In accordance with FASB ASC 958-605-50-1, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Under FASB ASC 958-605-50-1, such contributions are required to be reported as temporarily restricted support and are then reclassified to unrestricted net assets upon expiration of the time restriction or compliance with the purpose restriction.

Investments

Investments are reported at their fair value in the statement of financial position. Fair value of investments is determined by significant unobservable inputs. Unrealized gains and losses are included in the change in net assets in the statements of activities.

Accounts Receivable and Unconditional Promises to Give

Accounts receivable primarily consist of amounts due from agencies and grantors. It is the Organization's policy to establish an allowance for doubtful accounts based on known circumstances and historical collection history. Bad debt expense was \$4,413 and \$12,665 for the years ended June 30, 2015 and 2014, respectively, and is included in other in the statements of functional expenses.

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

Accounts Receivable and Unconditional Promises to Give, continued

All unconditional promises to give are considered fully collectible; therefore no allowance for uncollectible accounts has been recorded. In addition, the Organization discounts its promises to give to present value based on its estimated time of collectability. Such discount is subsequently amortized to revenue.

Inventory

Inventories of donated products are recorded at the approximate average wholesale value as outlined in the Product Valuation Survey Methodology, December 2014 and 2013 prepared by Feeding America, a national, nonprofit distributor of donated product in the food bank network. Subsidiary records are maintained for federal surplus commodities as to quantities received and quantity on hand for control purposes and for revenue recognition on the financial statements. Federal surplus commodities are recorded in inventory as of the date they are physically received in the Organization's warehouse. Values assigned are based on price lists provided by the Florida Department of Agriculture and Consumer Services.

Inventories of purchased commodities are stated at the lower of cost or market value.

Property and Equipment

The Organization's policy is to capitalize assets with a cost of \$1,000 or more and a useful life greater than one (1) year. Property and equipment are recorded at cost if purchased or estimated current values on the date of receipt if donated. Maintenance and repairs are charged to operations when incurred and major renewals in excess of \$1,000 are capitalized. Depreciation is recognized using the straight-line method over the estimated useful lives of the respective assets, as follows:

<u>Fixed Asset Category</u>	<u>Useful Lives</u>
Building and improvements	5-40 years
Furniture and equipment	3-7 years
Vehicles	3-10 years

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

Property and Equipment, continued

No interest related costs were capitalized for the years ended June 30, 2015 and 2014.

Advertising costs

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

Impairment of fixed assets

The Organization adheres to FASB ASC 360-10-50-2 (formerly SFAS No. 144), "Accounting for the Impairment or Disposal of Long-Lived Assets." FASB ASC 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 Organization's financial statements resulting from FASB ASC 360-10-50-2 for the years ended June 30, 2015 and 2014.

Compensated Absences

The Organization accumulates and records a contingent liability for compensated absences accrued by employees. Upon termination of employment, employees can receive payment for vacation leave if they meet certain criteria. Vacation is based on a fiscal year. Unused vacation leave and related employer costs as of June 30, 2015 and 2014 have been accrued as a liability in the amount of \$93,423 and \$73,981, respectively.

Income Taxes

Management has analyzed its various Federal filing positions and believes that the Organization's income tax filing positions and deductions are well documented, supported, and contain no uncertain tax positions. Management believes the Organization met the requirements to maintain its tax-exempt status and has no income subject to unrelated business income tax. Additionally, management believes that no accruals for tax liabilities, interest or penalties are required. Therefore, no reserves for uncertain income tax positions have been

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

Income Taxes, continued

recorded. Further, no interest or penalties have been included since no reserves were recorded. When applicable, such interest and penalties will be reported as income tax expense. The years 2011 through 2014 remain open to examination under Federal statute limitations. The Internal Revenue Code provides for taxation of unrelated business income under certain circumstances. The Organization 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.

The Organization has been granted a ruling that it is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code (the "Code"). The Organization is a non-profit Florida corporation, and therefore, is not subject to state income taxes. Accordingly, no provision for Federal or State income taxes has been made. The Organization is not considered a private foundation within the meaning of Section 509(a) of the Code.

Accounting for uncertainty in income tax items

The Financial Accounting Standards Board has issued guidance on accounting for uncertainty in income taxes and the Center has adopted this guidance. The Organization has evaluated its tax positions and any estimates utilized in its tax returns, and concluded that it has taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. Interest and penalties associated with uncertain tax positions will be recognized in income tax expense, if required.

Fair Value of Financial Instruments

In accordance with FASB ASC 820, the Organization uses fair value measurements to value certain types of assets. At June 30, 2015 and 2014, the carrying value of balances such as receivables, inventory, prepaids, accounts payable, accrued liabilities and deposits approximate fair value due to the short term maturity of these financial instruments.

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

Revenues and Support

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

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

Support from federal and state grants is recorded based upon the terms of the grantor allotment, which generally provide that revenues are earned when the allowable costs of the specific grant provisions have been incurred.

Shared maintenance revenue consists of charges to members for food purchased by the Organization and certain donated non-food products.

In-kind Contributions/Donated Services

In-kind contributions are recorded as contributions in the accompanying financial statements at their estimated current value on the date of the receipt.

Contributions of services are recognized only if services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by the individuals possessing those skills, and would typically be purchased if not provided by donation. For the years ended June 30, 2015 and 2014, the value of contributed services has not been recorded in the financial statements.

However, a number of volunteers, including the Board of Directors, have donated significant amounts of their time and expertise to the Organization's programs and supporting services.

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

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses that can be identified with a specific cost center or program service are allocated according to their natural expense classification. Other expenses that are common to several functions are allocated by using various statistical bases.

Cash Flows

For the purpose of the Statements of Cash Flows, Harry Chapin Food Bank of Southwest Florida, Inc. considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. At June 30, 2015 and 2014, Harry Chapin Food Bank of Southwest Florida, Inc. held no such cash equivalents.

The Organization made no cash payments for income taxes during the years ended June 30, 2015 or 2014.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

Subsequent events have been evaluated through October 6, 2015, which is the date the financial statements were available to be issued.

NOTE B - CASH AND CASH EQUIVALENTS

The carrying value of cash and cash equivalents consist of the following at June 30:

	<u>2015</u>	<u>2014</u>
Cash on hand	\$ 69	\$ 69
Depository accounts	<u>2,253,109</u>	<u>1,999,576</u>
	<u>\$ 2,253,178</u>	<u>\$ 1,999,645</u>

The nature of cash and cash equivalents (carrying value) is as follows at June 30:

	<u>2015</u>	<u>2014</u>
Unrestricted cash	\$ 1,565,880	\$ 1,144,372
Restricted cash	<u>687,298</u>	<u>855,273</u>
	<u>\$ 2,253,178</u>	<u>\$ 1,999,645</u>

Restricted cash consists of grants for agencies and/or temporarily restricted net assets at year end.

The Organization maintains cash balances at several financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a total of \$250,000 per institution. The uninsured balances as of June 30, 2015 and 2014 were \$887,439 and \$812,974, respectively, based on the bank balances, less the FDIC insurance.

NOTE C - INVESTMENTS

Investments consist of the following at June 30:

	<u>2015</u>	<u>2014</u>
Beneficial Interest in Assets Held at:		
Southwest Florida Community Foundation	\$ 14,340	\$ 15,498
Community Foundation of Collier County	11,058	10,683
Charlotte Community Foundation	<u>2,049</u>	<u>2,049</u>
	<u>\$ 27,447</u>	<u>\$ 28,230</u>

NOTE C - INVESTMENTS, CONTINUED

The Organization's investment policy allows management to invest in available investment vehicles to maximize income (see Note M). Management has also attempted to minimize risk while working to achieve maximum investment returns.

In accordance with FASB ASC 820 (the "Codification"), the Organization uses fair value measurements to record adjustments to certain assets. FASB ASC 820 defines fair value as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date." The Codification also sets out a fair value hierarchy ranking the levels of the inputs used as assumptions in the valuation techniques used to value an asset or liability. The fair value hierarchy gives the highest priority to quoted prices in an active market for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of hierarchy are described as follows:

Level 1 - inputs are quoted market prices in active markets for identical assets or liabilities that are accessible at the measurement date. An active market is a market in which transactions of the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 - inputs are from other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These inputs include quoted market prices of similar assets or liabilities in active markets, quoted market prices for identical or similar assets or liabilities in markets that are not active, and pricing models developed principally from inputs from or corroborated by observable market data by correlation or other means.

Level 3 - inputs are unobservable and allowed in situations where there is little, if any, market activity for the asset or liability at measurement date. These inputs reflect the reporting entity's own assumptions about assumptions that would be used by market participants.

The Organization uses fair value measurements to record adjustments to its investments and to determine fair value disclosures.

NOTE C - INVESTMENTS, CONTINUED

The following table presents the fair value hierarchy for the Organization's assets measured at fair value as of June 30, 2015:

Description	Carrying Value	Fair Value Measurements at Reporting Date Using:		
		Quoted Prices in Active Markets for Identical Assets Level (1)	Quoted Prices in Active Markets for Similar Assets Level (2)	Significant Unobservable Inputs Level (3)
Beneficial Interest in Assets Held at community foundations	\$ 27,447	\$ -	\$ -	\$ 27,447

The following table presents the fair value hierarchy for the Organization's assets measured at fair value as of June 30, 2014:

Description	Carrying Value	Fair Value Measurements at Reporting Date Using:		
		Quoted Prices in Active Markets for Identical Assets Level (1)	Quoted Prices in Active Markets for Similar Assets Level (2)	Significant Unobservable Inputs Level (3)
Beneficial interest in Assets Held at community foundations	\$ 28,230	\$ -	\$ -	\$ 28,230

The beneficial interest in assets held at community foundations (the "foundations") has been valued, as a practical expedient, at the fair value of the Organization's share of the foundations' investment pool as of the measurement date and includes, in some instances, a match provided by the foundations. The foundations value securities and other financial instruments on a fair value basis of accounting. The estimated fair value of certain investments of the foundations, which includes private placement and

NOTE C - INVESTMENTS, CONTINUED

placements and other securities for which prices are not readily available, are determined by the management of the foundations and may not reflect amounts that could be realized upon immediate sale, nor amounts that ultimately may be realized. Accordingly, the estimated fair values may differ significantly from the values that would have been used had a ready market existed for these investments. The beneficial interest in assets held at the foundations are not redeemable by the Organization as described in Note M.

Financial instruments classified as level 3 in the fair value hierarchy represent the Organization's investments in financial instruments in which management has used at least one significant unobservable input in the valuation model. The following table represents a reconciliation of the activities for level 3 financial instruments:

	<u>2015</u>	<u>2014</u>
Beginning balance	\$ 28,230	\$ 13,796
Additional amounts invested	-	7,000
Foundations match of amounts invested	-	5,000
Distributions/grants	(1,074)	-
Net appreciation and earnings	682	2,785
Administrative fees	<u>(391)</u>	<u>(351)</u>
Ending balance	<u>\$ 27,447</u>	<u>\$ 28,230</u>

The components of the net appreciation on investments, including Level 3 investments, may include dividend and interest income, realized gains and losses, gain or loss on sale of contributed shares and market fluctuations associated with the underlying investments. Investment manager's fees and foundations' fees are netted against these amounts.

NOTE D - ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following as of June 30:

	<u>2015</u>	<u>2014</u>
Accounts receivable- purchased food, net	\$ 26,536	\$ 84,668
Grants receivable - Federal	193,487	101,578
Other receivables	600	2,000
Bequests receivable	<u>50,000</u>	<u>-</u>
	<u>\$ 270,623</u>	<u>\$ 188,246</u>

HARRY CHAPIN FOOD BANK OF SOUTHWEST FLORIDA, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015 and 2014

NOTE D - ACCOUNTS RECEIVABLE, CONTINUED

Accounts receivable - purchased food is net of the allowance for doubtful accounts in the amount of \$3,450 and \$8,596 for the years ended June 30, 2015 and 2014, respectively.

NOTE E - UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give consisted of the following as of June 30:

	2015	2014
Receivables expected to be collected in:		
Less than one year	\$ 155,727	\$ 76,793
One to five years	94,200	84,634
Less: discounts to net present value	(13,352)	(8,835)
	\$ 236,575	\$ 152,592

Unconditional promises to give to be collected in less than one year are recorded at their net realizable value. Unconditional promises to give to be collected after one year are recorded at their present value using a discount rate of 3.25% which was PRIME RATE at June 30, 2015 and 2014. Amortization of promises to give was \$4,571 and \$559 for the years ended June 30, 2015 and 2014.

Management believes the unconditional promises to give are fully collectible.

NOTE F - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of June 30:

	2015	2014
Land	\$ 518,304	\$ 518,304
Building and improvements	3,349,005	3,137,764
Furniture and equipment	383,860	363,316
Vehicles	1,495,162	1,248,750
	5,746,331	5,268,134
Less: accumulated depreciation	(1,874,137)	(1,548,865)
	\$ 3,872,194	\$ 3,719,269

For the years ended June 30, 2015 and 2014, depreciation expense was \$357,572 and \$327,303, respectively, and is allocated between program and supporting services.

NOTE F - PROPERTY AND EQUIPMENT, CONTINUED

The Organization leases warehouse equipment under a capital lease with an original cost of \$11,935 at June 30, 2015 and 2014. Depreciation expense of \$1,705 and \$1,704 was recorded for the equipment for the years ended June 30, 2015 and 2014 respectively and is included in total depreciation expense.

Accumulated depreciation on assets held under capital lease totaled \$7,957 and \$6,252 at June 30, 2015 and 2014, respectively, and is included in total accumulated depreciation.

NOTE G - LAND AVAILABLE FOR SALE

The Organization purchased land with the intent to build a new warehouse for operations in 2007. Subsequently, the Organization purchased a warehouse to meet its current needs. Therefore, the project to build a new warehouse was abandoned and the Organization made the determination to sell the land. The land is being carried at cost in the amount of \$952,422 as of June 30, 2015 and 2014, as it is lower than the estimated market value.

NOTE H - CAPITAL LEASE

The Organization leases warehouse equipment of \$11,935 under a capital lease. The economic substance of the lease is that the Organization is financing the acquisition of the equipment through the lease, and accordingly, it is recorded in the Organization's assets and liabilities. The lease is for a period of five (5) years with equal monthly payments of \$262, maturing in September 2015. The imputed rate of interest for the lease is 11.8%. The outstanding balance for the capital lease at June 30, 2015 and 2014 was \$516 and \$3,407, respectively.

Future minimum payments required under the lease are as follows:

Year ending June 30	Amount
2016	\$ 786
Less: amounts representing interest	(270)
Present value of minimum lease payments	<u>\$ 516</u>

HARRY CHAPIN FOOD BANK OF SOUTHWEST FLORIDA, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015 and 2014

NOTE H - CAPITAL LEASE, CONTINUED

The lease agreement contains a bargain purchase option at the end of the lease term of \$1 for the leased equipment.

Interest expense related to the capital lease was \$550 and \$877 for the year ended June 30, 2015 and 2014, respectively.

NOTE I - LONG TERM DEBT

The Organization's long-term debt includes mortgages payable for the purchases of equipment and real property. Total long term debt consisted of the following as of June 30:

	2015	2014
Mortgage payable - Financial Institution, in the original amount of \$2,200,000 dated December 8, 2014, monthly payments of principal and interest of \$13,913, at a fixed rate of 4.39% with the balance due at maturity on December 9, 2019, collateralized by real property.	\$ 2,184,441	\$ -
Mortgage payable - Financial Institution, in the original amount of \$2,215,500 dated December 16, 2009, monthly payments of principal and interest of \$15,471, at a fixed rate of 5.7% with the balance due at maturity on January 2, 2015, collateralized by real property. In December 2014, the mortgage was refinanced as noted above by the \$2,200,000 mortgage.		1,918,840
Mortgage payable - Financial institution, in the original amount of \$657,000 dated January 2, 2012, monthly payments of principal and interest of \$6,642, at a fixed rate of 3.97% with the balance due at maturity on January 2, 2015, collateralized by real property. In December 2014, the mortgage was refinanced as noted above by the \$2,200,000 mortgage.	-	454,403
	2,184,441	2,373,243
Less: current maturities	(72,484)	(2,373,243)
Long-term debt, net of current portion	\$ 2,111,957	\$ -

HARRY CHAPIN FOOD BANK OF SOUTHWEST FLORIDA, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015 and 2014

NOTE I - LONG TERM DEBT, CONTINUED

Future maturities of loans payable are as follows:

Years Ending <u>June 30</u>	<u>Amount</u>
2016	\$ 72,484
2017	75,731
2018	79,124
2019	82,668
2020	<u>1,874,434</u>
	<u>\$ 2,184,441</u>

Interest expense related to notes and mortgage was \$116,468 and \$134,910, for the years ended June 30, 2015 and 2014, respectively.

NOTE J - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following as of June 30:

	<u>2015</u>	<u>2014</u>
Refrigerated truck	\$ -	\$ 140,000
Gunterberg grant	-	23,624
Capital campaign- building fund	553,590	525,092
EFSP	18	28
Mobile pantries	98,586	46,819
School pantries	-	60,000
Senior mobile pantries	-	1,000
Food expansion- Charlotte County	301	15,905
Pet food	-	-
Freezers	-	-
	<u>\$ 652,495</u>	<u>\$ 812,468</u>

NOTE K - EMPLOYEE BENEFIT PLAN

The Organization offers a defined contribution plan to its employees and contributes 4% of eligible compensation to a 401(k) pension plan on behalf of all eligible employees whether or not the employee contributes. The Organization

NOTE K - EMPLOYEE BENEFIT PLAN, CONTINUED

also will match employee contributions up to another 4% of the employee's compensation. An employee is eligible to participate in the plan immediately upon hire if employed at least 30 hours per week. The Employer does not contribute to the plan until the month after the employee completes one year of service. The employee is immediately 100% vested in their own contributions. The employee vests 100% in the Organization's contributions in the first month after completion of thirty-six (36) months qualified employment. Total retirement expense for the years ended June 30, 2015 and 2014 was \$128,714 and \$116,517, respectively, and is included in payroll and related expenses, allocated between program and supporting services.

NOTE L - OPERATING LEASES

Equipment

The Organization currently has various operating leases for office equipment ending between November 2016 and December 2016. Minimum monthly payments required under the leases are \$486. Lease expense for the years ended June 30, 2015 and 2014 was \$5,833 and \$5,833, respectively, and is included in other expenses, allocated between program and supporting services.

Future minimum payments required under these operating leases are as follows:

Years ending <u>June 30</u>	<u>Amount</u>
2016	\$ 5,833
2017	5,833
2018	<u>2,872</u>
	<u>\$ 14,538</u>

Office and Warehouse Space

During the year ended June 30, 2013, the Organization entered into an operating lease for warehouse space in Naples, Florida ending June 30, 2015. Monthly payments under the lease are \$2,500.

NOTE L - OPERATING LEASES, CONTINUED

Office and Warehouse Space, continued

During fiscal year ended June 30, 2015, the lease was amended to extend the term to December 31, 2016 with a monthly lease payment of \$2,725 beginning in July 2015.

During the year ended June 30, 2015, the Organization entered into an operating lease for office space in Fort Myers, Florida ending December 31, 2016. The space was previously being leased on a month-to-month basis. Monthly payments under the lease agreement are \$1,400 through December 31, 2015 then increasing to \$1,456.

Lease expense for the years ended June 30, 2015 and 2014 under these leases was \$45,325 and \$35,501, respectively, and is included in other expenses, allocated between program and supporting services.

Future minimum payments required under these leases are as follows:

Years ending	Amount
<u>June 30</u>	
2016	\$ 49,836
2017	<u>25,086</u>
	<u>\$ 74,922</u>

NOTE M - ENDOWMENT FUND

On October 3, 2002 the Organization entered into an agreement with Southwest Florida Community Foundation (an unrelated organization) to create an endowment fund for the benefit of the Organization (beneficial interest). The agreement called for a \$5,000 contribution by the Organization to the Foundation that was matched by the Foundation, creating a total endowment of \$10,000.

During the fiscal year ending June 30, 2014, the Organization entered into similar agreements with two additional unrelated local community foundations. The Organization made two contributions totaling \$7,000. One agreement called for a \$5,000 contribution by the Organization with a respective match by the

NOTE M - ENDOWMENT FUND, CONTINUED

foundation creating a total endowment of \$10,000. The other agreement called for a \$2,000 contribution by the Organization with no match provided by the respective foundation.

The assets of all three (3) agreements are the property of the respective local foundations in accordance with the terms of the agreements and are not available for distribution to the Organization. The assets of each agreement fund are held for the benefit of the Organization and the income from the fund is available to be distributed to the Organization annually subject to the approval of each individual foundation. Annual income from each agreement has, historically, been reinvested by the respective foundations at the direction of the Organization. Once the annual income has been reinvested it historically, has then not been available for future distribution to the Organization. Each agreement also incurs investment management costs. The endowment fund agreements permit additional endowment gifts to be contributed. During the years ended June 30, 2015 and 2014, net investment gains (losses), net of investment management costs totaled \$(783) and \$2,434 respectively. The total endowment held by the foundations for the benefit of the Organization at June 30, 2015 and 2014, was \$27,447 and \$28,230, respectively (see Note C).

NOTE N - COMMITMENTS AND CONTINGENCIES

The Organization 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 provided these reimbursements. These audits may result in disallowed expense amounts.

Disallowed amounts, if any, constitute a contingent liability of the Organization. Such liabilities are not reflected within the financial statements of the Organization, as management does not believe any material contingent liabilities exist.

HARRY CHAPIN FOOD BANK OF SOUTHWEST FLORIDA, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015 and 2014

NOTE O - LITIGATION

The Organization is involved from time to time in routine litigation, the substance of which would not materially affect its financial position, due to third party insurance coverage and/or federal tort limits. The Organization is not in a position at June 30, 2015 to predict a final outcome of such lawsuits or claims, or the related costs involved. The Organization intends to vigorously contest all claims unless first settled. Management is not aware of any asserted claims at June 30, 2015.

NOTE P - UNITED WAY CONTRIBUTIONS

Harry Chapin Food Bank of Southwest Florida, Inc. received the following contributions from United Way for years ended June 30:

<u>United Way</u>	<u>2015</u>	<u>2014</u>
Lee County	\$ 172,341	\$ 145,925
Charlotte County	33,189	28,342
Collier County	53,225	52,318
Hendry/Glades County	6,000	6,000
	<u>\$ 264,755</u>	<u>\$ 232,585</u>

NOTE Q - SUBSEQUENT EVENTS

Effective October 1, 2015, for USDA purposes, the number of regions within the State of Florida has been reduced to ten regions. As a result of this change, the additional counties that will be under Harry Chapin Food Bank's Service agreement (TEFAP Service Area 5) include Sarasota, Desoto, Manatee, Hardee and Highlands.

SUPPLEMENTARY INFORMATION

HARRY CHAPIN FOOD BANK OF SOUTHWEST FLORIDA, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2015

Federal or State Agency & Office/Pass Through Grantor/Program Title	CFDA	Pass-Through or Grant Contract Number
MAJOR (Type A)		
U.S. Department of Agriculture		
Passed through Florida Department of Agriculture and Consumer Services (TEFAP)		
Commodity Supplemental Food Program - Food Commodities	10.565	* 21959
Commodity Supplemental Food Program - Administrative Costs	10.565	* 21959
Administrative Costs 14/15	10.568	* 16957
Administrative Costs 13/14	10.568	* 16957
Food Commodities - Non Cash	10.569	* 99008
MAJOR (Type B)		
U.S. Department of Homeland Security (FEMA):		
Passed through United Way of America		
Emergency Food and Shelter Program		
Lee County	97.024	165400-012
Collier County	97.024	159000-013
NON MAJOR (Type B)		
Corporation for National and Community Service:		
Passed through Florida Commission on Community Services, d/b/a/ Volunteer Florida AmeriCorps Program, Administrative Costs	94.006	12AFHFL0010028 14AC160249

TOTAL FEDERAL AWARDS

- (1) includes receivable of \$29,880
- (2) includes receivable of \$94,937
- (3) includes receivable of \$68,670
- (4) does not include \$33,386 received after year-end
- * considered Food Distribution Cluster

Program or Award Amount	Revenue	Expenditures
\$ 30,411	\$ 30,411	\$ 30,411
117,023	29,880 (1)	29,880
211,407	211,407 (2)	211,407
254,920	12,141	12,141
<u>1,499,947</u>	<u>1,499,947</u>	<u>1,499,947</u>
<u>2,113,708</u>	<u>1,783,786</u>	<u>1,783,786</u>
137,339	137,339 (3)	137,339
<u>10,000</u>	<u>5,000</u>	<u>5,000</u>
<u>147,339</u>	<u>142,339</u>	<u>142,339</u>
<u>141,695</u>	<u>45,045 (4)</u>	<u>45,045</u>
<u>141,695</u>	<u>45,045</u>	<u>45,045</u>
<u>\$ 2,402,742</u>	<u>\$ 1,971,170</u>	<u>\$ 1,971,170</u>

HARRY CHAPIN FOOD BANK OF SOUTHWEST FLORIDA, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS
Year ended June 30, 2015

Page 29 of 38

NOTE A - BASIS OF PRESENTATION

The Schedule of Expenditures of Federal Awards 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 OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations".

Expenditures reported on the Schedule of Expenditures of Federal Awards 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 Federal Awards include cash receipts, whether recognized or deferred, as well as grant receivables recorded at year end.

NOTE B - INDIRECT COSTS

The Organization did not routinely allocate costs to Federal Awards 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**



TUSCAN
 & Company, PA

Certified Public Accountants & Consultants

Affiliations

Florida Institute of Certified Public Accountants

American Institute of Certified Public Accountants

Private Companies Practice Section

Tax Division

**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
 Harry Chapin Food Bank of Southwest Florida, Inc.
 3760 Fowler Street
 Fort Myers, FL 33901

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States of America, the financial statements of Harry Chapin Food Bank of Southwest Florida, Inc., which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 6, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Harry Chapin Food Bank of Southwest Florida, Inc's internal control over financial reporting (internal control) 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 Harry Chapin Food Bank of Southwest Florida, Inc's internal control. Accordingly, we do not express an opinion on the effectiveness of Harry Chapin Food Bank of Southwest Florida, 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

INTEGRITY SERVICE EXPERIENCE

is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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 Harry Chapin Food Bank of Southwest Florida, Inc.'s financial statements are free from 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.

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
October 6, 2015



TUSCAN
 & Company, PA

Certified Public Accountants & Consultants

Affiliations

Florida Institute of Certified Public Accountants
 American Institute of Certified Public Accountants
 Private Companies Practice Section
 Tax Division

**Independent Auditor's Report on Compliance For
 Each Major Program and on Internal Control Over Compliance Required
 By OMB Circular A-133**

Board of Directors
 Harry Chapin Food Bank of Southwest Florida, Inc.
 3760 Fowler Street
 Fort Myers, FL 33901

Report on Compliance for Each Major Federal Program

We have audited Harry Chapin Food Bank of Southwest Florida, Inc.'s compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of Harry Chapin Food Bank of Southwest Florida, Inc.'s major federal programs for the year ended June 30, 2015. Harry Chapin Food Bank of Southwest Florida, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Harry Chapin Food Bank of Southwest Florida, Inc.'s major federal programs 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 OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Harry Chapin Food Bank of Southwest Florida, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

INTEGRITY SERVICE EXPERIENCE

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Harry Chapin Food Bank of Southwest Florida, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Harry Chapin Food Bank of Southwest Florida, 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 federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of Harry Chapin Food Bank of Southwest Florida, 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 Harry Chapin Food Bank of Southwest Florida, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Harry Chapin Food Bank of Southwest Florida, 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 federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Tuscán & Company, P.A." The signature is written in a cursive, flowing style.

TUSCAN & COMPANY, P.A.
Fort Myers, Florida
October 6, 2015

**HARRY CHAPIN FOOD BANK OF SOUTHWEST FLORIDA, INC.
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS - FEDERAL
 AWARDS**

Year ended June 30, 2015

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

Federal Awards

Internal control over major programs:			
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 programs	Unmodified		
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section 510(a)?	_____ Yes	<u> X</u>	No

Identification of major programs (Type A):

CFDA	
<u>Number(s)</u>	<u>Name of Federal Program or Cluster</u>
	U.S. Department of Agriculture
10.565	Commodity Supplemental Food Program - Administrative Costs
10.568	Administrative Costs
10.569	Food Commodities Cluster - Non Cash

Dollar threshold used to distinguish between Type A and Type B programs Threshold used was \$300,000.

Auditee qualified as low-risk auditee?	<u> X</u> Yes	_____ No
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**HARRY CHAPIN FOOD BANK OF SOUTHWEST FLORIDA, INC.
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS - FEDERAL
 AWARDS, CONTINUED
 Year ended June 30, 2015**

The Organization provided federal awards to subrecipients as follows:

Program Title	Federal CFDA Number	Grant Number	Amount
U.S. Department of Agriculture			
Emergency Food Assistance Program			
Food Commodities	10.569	99008	<u>\$ 1,499,947</u>

Section II- Financial Statement Findings

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

Section III- Federal Award Findings and Questioned Costs

There were no audit findings related to Federal Awards required to be reported by Circular A-133, Section 510(a).

Section IV- Status of Federal Prior Year Findings

There were no prior year findings.



TUSCAN
& Company, PA

Certified Public Accountants & Consultants

Affiliations

Florida Institute of Certified Public Accountants

American Institute of Certified Public Accountants

Private Companies Practice Section

Tax Division

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INDEPENDENT AUDITOR'S REPORT TO MANAGEMENT

Board of Directors

Harry Chapin Food Bank of Southwest Florida, Inc.

3760 Fowler Street

Fort Myers, Florida 33901

In planning and performing our audit of the financial statements of Harry Chapin Food Bank of Southwest Florida, Inc. (the "Organization") (a not-for-profit Florida corporation) as of and for the year ended June 30, 2015, in accordance with auditing standards generally accepted in the United States of America, we considered Harry Chapin Food Bank of Southwest Florida, Inc.'s internal control over financial reporting (internal control) as a basis for designing 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 the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 organization's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. 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.

INTEGRITY SERVICE EXPERIENCE

12621 World Plaza Lane, Building 55 • Fort Myers, FL 33907 • Phone: (239) 333-2090 • Fax: (239) 333-2097

In connection with our audit, we are submitting the following comments and recommendations in accordance with Government Auditing Standards, the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations" and Chapter 10.650 "Rules of the Auditor General - State Single Audit, Nonprofit and For-Profit Organizations" (Revised September 30, 2014) Rule 10.656(3)(e) and Section 215.97(9)(f), of the Florida Statutes. We are, therefore, submitting for your review and consideration, items noted during the audit and recommendations designed to help the Organization make improvements and achieve operational efficiencies. Our comments reflect our desire to be of continuing assistance to Harry Chapin Food Bank of Southwest Florida, Inc.

PRIOR YEAR COMMENTS THAT CONTINUE TO APPLY:

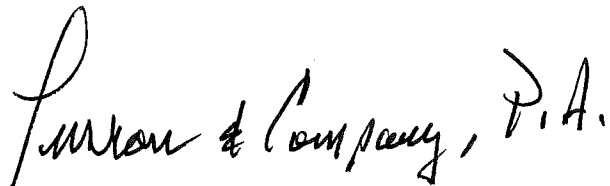
No financially significant comments noted.

CURRENT YEAR COMMENTS:

No financially significant comments noted.

We would like to express our appreciation for the opportunity to serve and assist Harry Chapin Food Bank of Southwest Florida, Inc. Your staff and management was very helpful and assisted us well. We would be pleased to further discuss and assist in the implementation of these recommendations.

This letter is intended solely for the information and use of the Board, the Audit Committee, management, Federal and State awarding agencies, pass-through entities and the Auditor General of the State of Florida. 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 6, 2015

EXHIBIT



Harry Chapin Food Bank
OF SOUTHWEST FLORIDA
Fighting Hunger, Feeding Hope

July 26, 2015

Mr. Jeff Tuscan
Tuscan & Co., P.A.
12621 World Plaza Lane, building 55
Fort Myers, Fl 33907

Subject: Audit FYE 06/30/15

Dear Mr. Tuscan,

This letter acknowledges that the audit report is complete for the year ending 6/30/15.

There are no management recommendations included in this year's report.

We appreciate the thoroughness, professionalism, timeliness and responsiveness of the entire Tuscan team associated with the audit.

Sincerely,

David J. Najjar
Director, Administration