

Hays County Food Bank, Inc.

Financial Statements
For the Year Ended December 31, 2009
And Independent Auditor's Report

Hays County Food Bank, Inc.

Table of Contents

Independent Auditor’s Report..... 1

Financial Statements

 Statement of Financial Position..... 2

 Statement of Activities..... 3

 Statement of Functional Expenses..... 4

 Statement of Cash Flows..... 5

 Notes to Financial Statements..... 6-9

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Hays County Food Bank, Inc.

I have audited the accompanying statement of financial position for the Hays County Food Bank, Inc., (a non-profit organization) as of December 31, 2009, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Hays County Food Bank, Inc. as of December 31, 2009, and the changes in net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.



Kyle, Texas
February 26, 2010

Hays County Food Bank, Inc.
Statement of Financial Position
As of December 31, 2009

Current assets	
Cash and cash equivalents	\$ 153,492
Investments (Note 2)	152,499
Prepaid insurance	6,307
Total current assets	312,298
Property and equipment	
Building	158,423
Equipment	84,641
Accumulated depreciation	(119,390)
Total property and equipment	123,674
Total assets	\$ 435,972
Liabilities and net assets	
Current liabilities	
Accounts payable	\$ 2,322
Payroll liabilities	4,868
Total current liabilities	7,190
Net assets	
Unrestricted	418,782
Temporarily restricted - building fund	10,000
Total net assets	428,782
Total liabilities and net assets	\$ 435,972

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

Hays County Food Bank, Inc.
Statement of Activities
For the Year Ended December 31, 2009

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>Total</u>
Support and revenue			
Governmental support (Note 4)	\$ 82,068	\$ 25,972	\$ 108,040
Organizational contributions	25,647	-	25,647
Corporate contributions	22,034	-	22,034
Individual contributions	76,115	10,000	86,115
Foundation grants	21,000	-	21,000
United way	27,565	-	27,565
Fundraising	58,806	-	58,806
In-Kind contributions (Note 8)	1,128,068	-	1,128,068
Investment income	8,601	-	8,601
Unrealized gain on investments	35,185	-	35,185
Other income	330	-	330
Total support and revenue	<u>1,485,419</u>	<u>35,972</u>	<u>1,521,391</u>
Temporarily restricted net assets released from restrictions-satisfied by payment	25,972	(25,972)	-
Total support and revenue	<u>\$ 1,511,391</u>	<u>\$ 10,000</u>	<u>\$ 1,521,391</u>
Expenses			
Program services	\$ 1,287,517	-	1,287,517
Support services			
Management and general	152,693	-	152,693
Fundraising	6,730	-	6,730
Total expenses	<u>1,446,940</u>	<u>-</u>	<u>1,446,940</u>
Increase in net assets	\$ 64,451	10,000	74,451
Beginning net assets	359,979	-	359,979
Net asset adjustment-prior year audit adjustment to PPE and Investments	(5,648)	-	(5,648)
Ending net assets	<u>\$ 418,782</u>	<u>10,000</u>	<u>428,782</u>

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

Hays County Food Bank, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2009

	Support Services				Total Expenses
	Program Services	Management and General	Fundraising	Support Services	
Salaries	\$ 66,574	\$ 72,120	\$ -	\$ 72,120	\$ 138,694
Payroll taxes	16,451	17,821	-	17,821	34,272
Personnel expenses	9,069	9,824	-	9,824	18,893
Audit and inspections	-	2,507	-	2,507	2,507
Food purchases	33,823	-	-	-	33,823
Staff expenses	-	508	-	508	508
Advertising/Promotion	4,019	-	-	-	4,019
Consultant fees	-	32,577	-	32,577	32,577
Board expenses	-	324	-	324	324
Janitorial	2,485	827	-	827	3,312
Website	-	-	1,465	1,465	1,465
Telephone	886	98	-	98	984
Vehicle expenses	8,946	-	-	-	8,946
Insurance	3,074	1,025	-	1,025	4,099
Copier expense	3,668	1,572	-	1,572	5,240
Volunteer appreciation	652	-	-	-	652
Office supplies	-	3,049	1,665	4,714	4,714
Equipment	-	2,276	-	2,276	2,276
In-Kind expenses	1,124,068	-	-	-	1,124,068
Trash hauling	1,970	657	-	657	2,627
Utilities	3,295	1,219	-	1,219	4,514
Contributions	-	1,000	-	1,000	1,000
Turkeys Tackling Hunger	-	-	3,600	3,600	3,600
Miscellaneous	-	2,132	-	2,132	2,132
Depreciation	8,537	3,157	-	3,157	11,694
Total expenses	\$ 1,287,517	\$ 152,693	\$ 6,730	\$ 159,423	\$ 1,446,940

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

Hays County Food Bank, Inc.
Statement of Cash Flows
For the Year Ended December 31, 2009

Cash flows from operating activities	
Change in net assets	\$ 74,451
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Prior period audit adjustment to PPE and unrealized gain reversal of investments	(5,648)
Unrealized gain on investments	(35,185)
Donation of copier	(4,000)
Depreciation expense	11,694
(Increase)/Decrease in prepaids	(687)
Increase/(Decrease) in liabilities	<u>1,850</u>
Net cash provided by operating activities	<u>42,475</u>
 Cash flows from investing activities	
Purchase of property and equipment	<u>(16,457)</u>
Net cash (used) by investing activities	<u>(16,457)</u>
 Net increase in cash and cash equivalents	26,018
Cash and cash equivalent at beginning of year	<u>127,474</u>
Cash and cash equivalents at end of year	<u><u>\$ 153,492</u></u>

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

Hays County Food Bank, Inc.
Notes to Financial Statements
December 31, 2009

Note 1 - Nature of Activities and Significant Accounting Policies

Nature of Activities

The goal of the Hays County Food Bank, Inc. (the Food Bank) is to alleviate hunger within Hays County, Texas. Since its incorporation in 1984, food has been collected from donations and supplemental purchases and then distributed to people through a network of fifty or more churches and other agencies. The completion of the new facility in October of 1996 enabled the Food Bank to significantly increase its amount of food distribution.

Basis of Accounting

The Food Bank's financial statements are prepared on the accrual basis of accounting which means revenue is recognized when earned and expenses are recorded when the obligation is incurred.

Financial Statement Presentation

The statements of financial position and of activities focuses on the organization as a whole and reports the amounts of its total assets, liabilities, net assets and changes in net assets in accordance with the Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statement of Not-For-Profit Organizations*. Accordingly, net assets of the organization and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are neither permanently restricted nor temporarily restricted by donor-imposed stipulations. Property and equipment are included in unrestricted net assets.

Temporarily restricted net assets – Net assets that result from contributions and other inflow of assets that are limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the corporation pursuant to those stipulations. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets – Net assets that are subject to donor-imposed restrictions that such assets be maintained permanently. Generally, the donor permits the corporation to expend all or part of the income earned from the related assets for general or specific purpose. Hays County Food Bank, Inc. has no permanently restricted assets.

Hays County Food Bank, Inc.
Notes to Financial Statements
December 31, 2009

Note 1 - Nature of Activities and Significant Accounting Policies-Continued

Estimates

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

Income Taxes

The Food Bank is exempt from income taxes under Section 501(a) of the internal Revenue Code of 1986 as a publicly supported charitable organization described in Section 501 (c)(3). Consequently, no provision for federal income taxes is required or included in the accompanying financial statements.

Functional Allocation of Expenses

Expenses are categorized by functions in the statement of activities as either program or supporting services. Expenses that are specifically identifiable to a function are allocated entirely to that function. Expenses that are not specifically identifiable to a function are allocated based upon management's estimate of time and resources devoted to the function.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Food Bank includes cash deposit accounts and short-term investments with maturities of less than three months to be cash and cash equivalents. As of year end, December 31, 2009, the Food Bank's cash and cash equivalents included:

Checking	\$ 114,827
Money Market	28,538
Money Market	10,000
Petty Cash	127
	<hr/>
	<u>\$ 153,492</u>

Property and Equipment

Property and equipment are capitalized at cost or fair market value if donated. Depreciation is calculated using the straight-line method over the expected useful lives of the assets. Depreciation expense totaled \$11,694 for the year ended December 31, 2009.

Hays County Food Bank, Inc.
Notes to Financial Statements
December 31, 2009

Note 2 – Investments

Investments held at year-end, December 31, 2009 are listed below:

	<u>Market Value</u>
Portfolio held by Wells Fargo Investments	\$152,499

This portfolio consists of money markets, mutual funds and equity securities.

Note 3 - Land Lease

The Food Bank’s facility was built on land leased from Hays County for 15 years with the option of renewing for an additional 15 years, at \$1 per year. The lease was signed August 14, 1995. In February 2007, the County extended the lease for an additional 20 years and included the adjacent lot in the lease.

Note 4 - Governmental Support

During 2009, the Food Bank received contributions of \$108,040 from the following governmental agencies:

<u>Agency</u>	<u>Amount</u>
Hays County	\$28,075
Hays County DA’s Office	4,568
City of San Marcos	45,000
City of Kyle	3,430
City of Martindale	995
Federal Emergency Management Agency (FEMA)	<u>25,972</u>
Total	<u>\$108,040</u>

Note 5 - Vacation and Illness Policies

Vacation time accrues to full-time employees at ten days per year after the first year of employment, fifteen days per year after five years of employment, and twenty days per year after eight years of employment. An employee can only accumulate twenty days of vacation time. Upon termination, an employee will be paid for unused vacation time up to twenty days. Employees are entitled to five sick days per year, which does accrue from year to year. At termination, employees are not paid for unused sick leave.

Note 6 – Compensated Absences

Employees are allowed to accrue paid vacation days up to twenty days. In the event of termination, an employee is reimbursed for any unused accumulated vacation leave. The Food Bank has no liability for unused vacation pay since all vacation leave is unused or paid if not taken each year.

Hays County Food Bank, Inc.
Notes to Financial Statements
December 31, 2009

Note 7 – Temporarily Restricted Net Assets

As of December 31, 2009, temporarily restricted net assets included \$10,000 reserve for building fund.

Note 8 - Donated Goods and Services

In-Kind contributions during 2009 consisted of the following:

Food Donations	
Capital Area Food Bank	\$ 55,246
Community Donations	199,051
Area Grocery Stores	611,995
Goods and Services	23,070
Volunteer Hours	<u>238,706</u>
 Total	 <u>\$1,128,068</u>