



FINANCIAL STATEMENTS

AND

SUPPLEMENTARY INFORMATION

MARCH 31, 2017 and 2016

SOUTH PLAINS FOOD BANK, INC.

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REPORT OF INDEPENDENT AUDITORS

Board of Directors
South Plains Food Bank, Inc.
Lubbock, Texas

We have audited the accompanying financial statements of South Plains Food Bank, Inc. (the Organization), which comprise the statements of financial position as of March 31, 2017 and 2016, and the related statements of activities and changes in net assets, 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 in the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from 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 Organization'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 Organization'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.

Board of Directors
South Plains Food Bank, Inc.
Lubbock, Texas

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of March 31, 2017 and 2016, 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.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information on pages 18 and 19 is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, on page 20 is also presented for purposes of additional analysis and is also 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 information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 7, 2017, on our consideration of the Organization'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 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 the Organization's internal control over financial reporting and compliance.

Blue & Co., LLC

Lubbock, Texas
August 7, 2017

SOUTH PLAINS FOOD BANK, INC.

STATEMENTS OF FINANCIAL POSITION MARCH 31, 2017 AND 2016

	2017	2016
ASSETS		
Current assets		
Cash and cash equivalents		
Unrestricted		
Undesignated	\$ 847,265	\$ 864,508
Board designated	1,034,159	816,268
Temporarily restricted	1,291,256	1,974,219
Board designated certificates of deposit	1,078,882	1,283,670
Accounts receivable	204,898	210,109
Current portion of unconditional promises to give	220,756	219,162
Inventories		
Unrestricted	1,819,152	993,991
Temporarily restricted	118,024	241,083
Prepaid expenses	91,444	50,338
Total current assets	6,705,836	6,653,348
Noncurrent assets		
Unconditional promises to give, net of current portion	513,494	446,762
Beneficial interest in assets held by others	134,663	132,434
Long-lived assets held for sale	1,225,000	-
Capital assets, net	11,759,685	13,486,363
Total noncurrent assets	13,632,842	14,065,559
Total assets	\$ 20,338,678	\$ 20,718,907
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 18,783	\$ 131,155
Accrued salaries	26,834	21,225
Other current liabilities	15,111	21,636
Line of credit	1,073,725	1,500,000
Deferred revenue	4,417	5,293
Total current liabilities	1,138,870	1,679,309
Net assets		
Unrestricted		
Undesignated	14,943,237	14,058,434
Board designated	2,113,041	2,099,938
Total unrestricted	17,056,278	16,158,372
Temporarily restricted	2,143,530	2,881,226
Total net assets	19,199,808	19,039,598
Total liabilities and net assets	\$ 20,338,678	\$ 20,718,907

See accompanying notes to the financial statements.

SOUTH PLAINS FOOD BANK, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS YEARS ENDED MARCH 31, 2017 AND 2016

	2017	2016
Unrestricted revenues, gains and other support		
Contributions	\$ 2,612,665	\$ 2,603,603
Contributions in-kind	8,416,770	7,978,896
Grant revenue	248,249	208,623
Shared maintenance fees	427,785	441,980
Special events fundraising	38,815	29,013
Meal programs	658,278	712,588
Catering	7,619	7,009
Program and rentals	26,966	39,205
Interest income	29,565	30,369
Impairment loss	(286,435)	-
Gain on sale of assets	130,949	-
Other	7,921	10,332
Net assets released from restrictions including		
Satisfaction of program restrictions	2,494,125	6,577,590
Total unrestricted revenues, gains, and other support	14,813,272	18,639,208
Unrestricted expenses		
Program services	12,427,260	12,036,779
Fundraising	625,653	687,379
Management and general	862,453	730,351
Total unrestricted expenses	13,915,366	13,454,509
Change in unrestricted net assets	897,906	5,184,699
Temporarily restricted net assets		
USDA commodities received	1,163,760	1,065,934
Restricted grant for product handling	152,406	149,622
Grant and contribution revenue	371,937	5,219,113
Contributions	68,326	189,705
USDA commodities released for distribution	(1,286,819)	(1,091,694)
Net assets released from restrictions	(1,207,306)	(5,485,896)
Change in temporarily restricted net assets	(737,696)	46,784
Change in net assets	160,210	5,231,483
Net assets		
Beginning of year	19,039,598	13,808,115
End of year	\$ 19,199,808	\$ 19,039,598

See accompanying notes to the financial statements.

SOUTH PLAINS FOOD BANK, INC.

STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED MARCH 31, 2017

	Program Services	Supporting Services			Total 2017
		Fund- Raising	Management and General	Total Supporting Services	
Expenses					
Salaries and wages	\$ 1,168,629	\$ 266,831	\$ 427,252	\$ 694,083	\$ 1,862,712
Contract labor	25,222	-	-	-	25,222
Payroll taxes	97,218	22,198	35,543	57,741	154,959
Employee insurance and benefits	220,321	15,869	35,875	51,744	272,065
Workers' compensation	11,556	2,639	4,225	6,864	18,420
Liability insurance	6,761	-	-	-	6,761
Office expense	35,329	-	52,993	52,993	88,322
Dues	19,021	-	-	-	19,021
Postage and freight	3,731	7,461	3,731	11,192	14,923
Printing	-	-	-	-	-
Telephone	25,565	-	4,512	4,512	30,077
Audit and professional fees	-	-	17,343	17,343	17,343
Volunteer / staff expense	14,363	-	6,663	6,663	21,026
Conference and travel	12,671	2,534	10,137	12,671	25,342
Food bank promotion	-	301,964	-	301,964	301,964
Utilities	182,812	-	21,698	21,698	204,510
Warehouse					
Supplies	176,372	-	-	-	176,372
Repairs and maintenance	50,191	-	-	-	50,191
Insurance	100,808	-	-	-	100,808
Security	8,946	-	-	-	8,946
Cost of food distributed	8,842,001	-	-	-	8,842,001
Food transportation	63,875	-	-	-	63,875
Food purchase and handling	435,140	-	-	-	435,140
Miscellaneous programs	83,813	-	-	-	83,813
Vehicles					
Fuel and oil	16,126	-	-	-	16,126
Repairs and maintenance	68,647	-	-	-	68,647
Insurance / registration	25,773	-	-	-	25,773
Leasing expense	18,470	6,157	16,418	22,575	41,045
Interest expense	-	-	53,838	53,838	53,838
Miscellaneous	-	-	328	328	328
Farm expense	26,310	-	-	-	26,310
Total expenses before					
Depreciation	11,739,671	625,653	690,556	1,316,209	13,055,880
Depreciation	687,589	-	171,897	171,897	859,486
Total expenses	\$ 12,427,260	\$ 625,653	\$ 862,453	\$ 1,488,106	\$ 13,915,366

See accompanying notes to the financial statements.

SOUTH PLAINS FOOD BANK, INC.

STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED MARCH 31, 2016

	Supporting Services				Total 2016
	Program Services	Fund- Raising	Management and General	Total Supporting Services	
Expenses					
Salaries and wages	\$ 1,204,281	\$ 225,038	\$ 457,790	\$ 682,828	\$ 1,887,109
Contract labor	3,922	-	-	-	3,922
Payroll taxes	90,787	16,965	34,511	51,476	142,263
Employee insurance and benefits	202,698	12,485	34,525	47,010	249,708
Workers' compensation	10,941	2,045	4,159	6,204	17,145
Liability insurance	6,660	-	-	-	6,660
Office expense	41,824	-	62,735	62,735	104,559
Dues	20,588	-	-	-	20,588
Postage and freight	5,198	10,395	5,198	15,593	20,791
Printing	-	1,747	-	1,747	1,747
Telephone	26,409	-	4,660	4,660	31,069
Audit and professional fees	-	-	20,337	20,337	20,337
Volunteer / staff expense	15,338	-	41	41	15,379
Travel	11,969	2,394	9,575	11,969	23,938
Food bank promotion	-	405,909	-	405,909	405,909
Utilities	157,395	-	16,421	16,421	173,816
Warehouse					
Supplies	153,091	-	-	-	153,091
Repairs and maintenance	48,538	-	-	-	48,538
Insurance	53,977	-	-	-	53,977
Security	4,217	-	-	-	4,217
Cost of food distributed	8,882,748	-	-	-	8,882,748
Food transportation	71,056	-	-	-	71,056
Food purchase	485,733	-	-	-	485,733
Miscellaneous programs	79,645	-	-	-	79,645
Vehicles					
Fuel and oil	36,441	-	-	-	36,441
Repairs and maintenance	68,212	-	-	-	68,212
Insurance / registration	23,726	-	-	-	23,726
Leasing expense	11,887	10,401	7,430	17,831	29,718
Miscellaneous	-	-	118	118	118
Farm expense	28,094	-	-	-	28,094
Total expenses before Depreciation	11,745,375	687,379	657,500	1,344,879	13,090,254
Depreciation	291,404	-	72,851	72,851	364,255
Total expenses	\$ 12,036,779	\$ 687,379	\$ 730,351	\$ 1,417,730	\$ 13,454,509

See accompanying notes to the financial statements.

SOUTH PLAINS FOOD BANK, INC.

STATEMENTS OF CASH FLOWS YEARS ENDED MARCH 31, 2017 AND 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 160,210	\$ 5,231,483
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	859,486	364,255
Contributions restricted for construction of new facilities	-	(4,925,306)
Impairment loss	286,435	-
Gain on sale of assets	(130,949)	-
Realized/unrealized (gain) loss in beneficial interest in assets held by others	(5,852)	1,080
Changes in operating assets and liabilities		
Accounts receivable	5,211	38,351
Unconditional promises to give	(68,326)	(189,705)
Inventories	(702,102)	(129,624)
Prepaid expenses	(41,106)	3,059
Accounts payable	(112,372)	(362,132)
Accrued salaries	5,609	(20,673)
Other current liabilities	(6,525)	13,153
Deferred revenue	(876)	(2,478)
Net cash flows from operating activities	248,843	21,463
CASH FLOWS FROM INVESTING ACTIVITIES		
Change in board designated certificates of deposit	204,788	(421,655)
Proceeds from sale of assets	353,849	-
Proceeds from beneficial interest in assets held by others	3,623	3,160
Acquisition of property and equipment	(867,143)	(6,763,885)
Net cash flows from investing activities	(304,883)	(7,182,380)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from contributions restricted for construction of new facilities	-	4,925,306
Advances on line of credit	-	1,500,000
Payments on line of credit	(426,275)	-
Net cash flows from financing activities	(426,275)	6,425,306
Net change in cash and cash equivalents	(482,315)	(735,611)
Cash and cash equivalents at beginning of year		
Beginning of year	3,654,995	4,390,606
End of year	\$ 3,172,680	\$ 3,654,995
Cash flow reconciliation to the statements of financial position		
Unrestricted		
Undesignated	\$ 847,265	\$ 864,508
Board designated	1,034,159	816,268
Temporarily restricted	1,291,256	1,974,219
Total cash and cash equivalents	\$ 3,172,680	\$ 3,654,995
Supplemental cash flow information:		
In-kind food and service donations	\$ 9,580,530	\$ 9,044,830
Cash paid for interest	\$ 64,025	\$ -

See accompanying notes to the financial statements.

SOUTH PLAINS FOOD BANK, INC.

NOTES TO THE FINANCIAL STATEMENTS MARCH 31, 2017 AND 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization - South Plains Food Bank, Inc. (hereby referred to as the "Organization"), a non-profit corporation, was established to provide food subsistence to various agencies serving the community. The Organization was incorporated on May 27, 1983, and opened for operation in December of that year.

Method of accounting - The Organization prepares its financial statements on the accrual basis of accounting where revenues are recognized when earned and expenditures when incurred. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Financial statement presentation - Financial statement presentation follows the requirements of Financial Accounting Standards Board (the FASB) Accounting Standards Codification (ASC) 958, Financial Statements for Not-for-Profit Organizations. As such, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Accordingly, the net assets of the Organization are classified and reported as follows:

Unrestricted net assets - Unrestricted net assets are resources available to support operations. The only limits on the use of unrestricted net assets are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations. Board designated net assets are reported as unrestricted.

Temporarily restricted net assets - Temporarily restricted net assets are resources that are restricted by a donor for use for a particular purpose or in a particular future period. When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the statements of activities and changes in net assets by reclassifying the net assets from temporarily restricted to unrestricted net assets.

Use of 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 certain assets and liabilities and disclosures at the date of the financial statements as well as the reported amounts of revenues and expenses during the reporting period. Accordingly, actual amounts could differ from those amounts.

Cash and cash equivalents - The Organization considers all highly liquid instruments purchased with an original maturity date of three months or less to be cash equivalents. Included in cash equivalents are money market deposit funds and short-term certificates of deposit, reported at contract value.

SOUTH PLAINS FOOD BANK, INC.

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2017 AND 2016

Restricted cash and cash equivalents - Restricted cash and cash equivalents are comprised of funds restricted for a specific purpose or time period by the donor or granting agency.

Beneficial interest in assets held by others – The Organization transferred assets to a community foundation which hold funds for its benefit. When a non-profit organization transfers assets to a community foundation and when the resource provider names itself as beneficiary, the economic benefit of the transferred asset remains with the resource provider. The asset received in exchange is a beneficial interest in assets held by others, measured at the fair value of the asset contributed. Changes in the value are recognized in the statements of activities and changes in net assets.

Accounts receivable - Shared maintenance revenue is recognized as a receivable from a participating agency when food is distributed to the agency on account. The Organization provides allowances for doubtful receivables equal to the estimated collection losses that will be included in collection of all receivables. The estimated losses are based on historical collection experience coupled with review of the current status of existing receivables. As of March 31, 2017 and 2016, the gross account receivable balance is representative of the net realizable value of the receivables.

Promises to Give – Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are released and reclassified to unrestricted net assets.

Inventories - The Organization is a member of Feeding America, formerly known as America's Second Harvest, which is a national food bank network. Its principal business activity is the collection of food and merchandise from a variety of sources, and distributing them to member agencies. Inventories are valued using a poundage valuation issued annually by Feeding America and are determined on the first-in, first-out method.

The donated food received by the Organization and distributed to charitable beneficiaries is reflected as donations, cost of food distributed and inventory. The value of the donated food including the USDA commodities received during 2017 and 2016 was \$9,544,103 and \$9,012,371, respectively. The amount of food distributed during 2017 and 2016 had an estimated value of \$8,842,001 and \$8,882,748, respectively.

Capital assets - Property and equipment are recorded at cost for purchased items or at fair market value at the date of acquisition for donated items. Items under certain amounts are recorded as expenses rather than as fixed assets. When retired or otherwise disposed of, the related carrying value and allowance for depreciation is cleared from the respective accounts and the net difference, less any amount realized on disposition, is reflected in operations.

SOUTH PLAINS FOOD BANK, INC.

NOTES TO THE FINANCIAL STATEMENTS MARCH 31, 2017 AND 2016

Depreciation is provided using the straight-line method based on the estimated useful lives of the assets which range from 3 to 40 years. The cost of maintenance and repairs is expensed as incurred, whereas significant betterments and improvements are capitalized.

Long-lived assets held for sale - The Organization reviews long-lived assets for impairment whenever events or circumstances indicate that the carrying value of such assets may not be fully recoverable. An impairment is evaluated based on the sum of undiscounted future cash flows expected to result from the sale of the asset compared to its carrying value. If impairment is recognized, the carrying value of the impaired asset is reduced to its fair value. During 2017 and 2016, the Organization recognized an impairment loss of \$286,435 and \$-0-, respectively.

Donated goods and services - The Organization receives a substantial amount of services donated by citizens interested in the Organization's program. Board members, warehouse volunteers, and volunteers for various food drives donate their time. The value of these services is not recognized in the financial statements. Certain goods and professional services were donated to the Organization, and were recorded at estimated market value. The amounts recorded for 2017 and 2016 were \$36,427 and \$32,459, respectively.

Revenue recognition - Revenue funded by grants and contracts is recognized as the Organization performs the contracted services or incurs eligible expenses under the grant agreements. Activities and expenses allocated to grants and contracts are subject to audit and acceptance by the awarding agency and, as a result of such audit, adjustments could be required.

Restricted and unrestricted revenue - Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending upon the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities and changes in net assets as net assets released from restrictions.

Shared maintenance revenue - The Organization charges recipient agencies approximately 14 cents per pound relative to the receipt and distribution of donated food. The shared maintenance fee is to offset a portion of the costs associated with the donated food including the receiving, storage, and distribution costs incurred by the Organization.

Functional allocation of expenses - The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Although the methods used were appropriate, other methods could produce different results.

SOUTH PLAINS FOOD BANK, INC.

NOTES TO THE FINANCIAL STATEMENTS MARCH 31, 2017 AND 2016

Freight costs – Freight costs, the costs associated with having donated and purchased food delivered to its warehouse, are expensed by the Organization as incurred.

Income taxes – The Organization is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code (IRC) and is exempt from federal income taxes on related income pursuant to Section 501(a) of the IRC. As such, the Organization is generally exempt from income taxes. However, the Organization is required to file Federal Form 990 – Return of Organization Exempt from Income Tax, which is an informational return only.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability if the Organization has taken an uncertain tax position that more likely than not would not be sustained upon examination by various federal and state taxing authorities. Management has analyzed the tax positions taken by the Organization and has concluded that as of March 31, 2017 and 2016, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability or disclosure in the accompanying financial statements. The Organization is subject to routine audits by taxing jurisdictions. However as of the date of the financial statements, there were no audits for any tax periods in progress. The Organization filed its income tax returns for the periods through March 31, 2016. These income tax returns are generally open to examination by the relevant taxing authorities for a period of three years from the later of the date the return was filed or its due date (including approved extensions).

Reclassifications - Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements. These reclassifications have no effect on the previously reported net assets or change in net assets.

Going concern evaluation – Management evaluates whether there are conditions or events that raise substantial doubt about the entity's ability to continue as a going concern for a period of one year from the date the financial statements are available to be issued.

Subsequent events – The financial statements and related disclosures include evaluation of events up through and including August 7, 2017, which is the date the financial statements are available to be issued.

NOTE 2 – CHANGE IN ACCOUNTING PRINCIPLE

During 2017, the Organization adopted Accounting Standards Update (ASU) No. 2014-15, *Presentation of Financial Statements – Going Concern (Topic 205-40): Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern*. ASU No. 2014-15 requires management to evaluate whether there are conditions or events that raise substantial doubt about the entity's ability to continue as a going concern for a period of one year from the date the financial statements are available to be issued. When conditions or events that raise substantial doubt exist, additional disclosures will be required to enable financial statement users to understand those conditions or events, management's evaluation of them and management's plans that either alleviated substantial doubt or are intended to mitigate the conditions or events that raise

SOUTH PLAINS FOOD BANK, INC.

NOTES TO THE FINANCIAL STATEMENTS MARCH 31, 2017 AND 2016

substantial doubt. The adoption of ASU No. 2014-15 did not have a material effect on the accompanying financial statements.

NOTE 3 - CASH AND CASH EQUIVALENTS

Included in the cash and cash equivalents are certificates of deposit totaling \$1,034,159 and \$816,268 as of March 31, 2017 and 2016, respectively, designated by the Board of Directors for emergency funds usage in the event inventory and operations cash flow decrease. The certificates bear various interest rates, with penalties for early withdrawal normally waived due to the Organization's nonprofit status. In addition, these funds are held to meet contractual requirements with Feeding America.

The Organization maintains cash accounts which are temporarily restricted in nature, due to restrictions being placed on the funds by external sources. The amount of temporarily restricted cash was \$1,291,256 and \$1,974,219 as of March 31, 2017 and 2016, respectively.

Custodial credit risk – The Organization maintains cash balances at several financial institutions located in Lubbock, Texas. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Organization has not experienced any losses in such accounts. The Organization believes that it is not exposed to any significant credit risk on cash and cash equivalents.

NOTE 4 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted cash - Temporarily restricted cash relates to donations and funds received that are restricted for various purposes.

Temporarily restricted unconditional promises to give – Unconditional promises to give are included in temporarily restricted net assets as they are restricted to time.

Temporarily restricted inventories - Temporarily restricted inventories are food commodities received under an agreement with the U.S. Department of Agriculture. These food items are restricted as to their distribution under the terms of this agreement.

Whenever the Organization incurs an expense for which it may use either temporarily restricted or unrestricted assets, restricted assets are used first to satisfy the restrictions of the funds. Generally, restricted cash and non-cash contributions received, including long-lived assets, whose restrictions are met in the same reporting period are classified as unrestricted support in the accompanying financial statements.

SOUTH PLAINS FOOD BANK, INC.

NOTES TO THE FINANCIAL STATEMENTS MARCH 31, 2017 AND 2016

NOTE 5 – BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

The Organization began participating in the Lubbock Area Foundation, Inc. Community Endowment Challenge in 2001 (currently The Community Foundation of West Texas, (CFWT)). The Organization invested \$100,000 in cash and readily marketable securities with CFWT to be eligible to receive the earnings from \$50,000 matching grant by CFWT. Any funds contributed to CFWT under the endowment challenge remain restricted, as well as any changes in market value. Earnings generated by the endowment challenge and issued by CFWT are considered unrestricted funds. The market value of the Organization's portion of the endowment was \$134,663 and \$132,434 as of March 31, 2017 and 2016, respectively. The matching contribution from CFWT of \$50,000 is not considered an asset of the Organization. Distributions of income from the challenge endowment are reported as interest income. Gains and losses, which are not distributed by CFWT, are reflected as the change in value of beneficial interest in assets held by others in the statements of activities and changes in net assets. The investment activities of the beneficial interest in assets held by others is determined by CFWT rather than the Organization.

Activity related to the beneficial interest in assets held by others is shown in the following schedule:

	<u>2017</u>	<u>2016</u>
Beginning balance	\$ 132,434	\$ 136,674
Interest income	3,311	3,540
Realized gain on sale of investments	2,195	4,825
Unrealized gain (loss) on investments	3,657	(5,905)
Fees	(6,934)	(6,700)
Ending balance	<u>\$ 134,663</u>	<u>\$ 132,434</u>

NOTE 6 - UNCONDITIONAL PROMISES TO GIVE

The Organization has promises to give from various individuals and organizations. The \$734,250 and \$665,924 in promises to give as of March 31, 2017 and 2016, respectively, are unconditional and due within one to five years. An allowance against pledges receivable represents management's estimate of expected losses to be realized, and are based on historical experience, current economic conditions, and other relevant factors. Unconditional pledges receivable that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Amortization of the discounts is included in contribution revenue. Conditional pledges are recognized when the conditions on which they depend are substantially met. As of March 31, 2017 and 2016, the allowance and the present value discount related to unconditional promises to give are not significant to the overall financial statements.

SOUTH PLAINS FOOD BANK, INC.

NOTES TO THE FINANCIAL STATEMENTS MARCH 31, 2017 AND 2016

The following is a schedule by year of unconditional promises to give for the years following March 31, 2017:

Year Ending March 31,	
2018	\$ 220,756
2019	171,799
2020	152,283
2021	107,896
2022	81,516
	<u>\$ 734,250</u>

NOTE 7 - FAIR VALUE OF FINANCIAL INSTRUMENTS

The FASB has established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities and the lowest priority to unobservable inputs. The three levels of the fair value hierarchy are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 - Inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used as of March 31, 2017 and 2016.

SOUTH PLAINS FOOD BANK, INC.

NOTES TO THE FINANCIAL STATEMENTS MARCH 31, 2017 AND 2016

Beneficial interest in assets held by others: Valued at fair value as reported by CFWT which represents the Organization's *pro rata* interest in the net assets of the fund substantially all of which are valued on a mark-to-mark basis.

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<u>March 31, 2017</u>				
Beneficial interest in assets held by others	\$ 134,663	\$ -	\$ -	\$ 134,663
<u>March 31, 2016</u>				
Beneficial interest in assets held by others	\$ 132,434	\$ -	\$ -	\$ 132,434

Assets measured at fair value on a non-recurring basis consist of property and equipment which were reclassified to long-lived assets held for sale during 2017. The property and equipment are reported as level 3 as of the effective date these assets were deemed impaired which was March 31, 2017. The impairment was evaluated based on the sum of undiscounted future cash flows expected to result from the sale of the assets compared to the carrying value resulting in an impairment loss of \$286,435 in 2017. The valuation techniques used to determine the fair value of the property and equipment were based on historical sales of similar type property and equipment.

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<u>March 31, 2017</u>				
Property and equipment	\$ 1,225,000	\$ -	\$ -	\$ 1,225,000

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The Organization's policy is to recognize transfers between levels as of the end of the reporting period. There were no significant transfers between levels during 2017 and 2016. See the Beneficial Interest in Assets Held by Others Note for a progression of level 3 assets for 2017 and 2016.

SOUTH PLAINS FOOD BANK, INC.

NOTES TO THE FINANCIAL STATEMENTS MARCH 31, 2017 AND 2016

NOTE 8 - CAPITAL ASSETS

As of March 31, 2017 and 2016, major classifications of capital assets are summarized below:

	<u>2017</u>	<u>2016</u>
Land and Improvements	\$ 1,696,726	\$ 1,471,096
Farm Buildings	366,357	366,357
Warehouse Buildings	8,530,844	10,138,311
Vehicles	1,069,025	1,010,770
Furniture and Equipment	3,599,338	3,451,365
Kitchen of Hope Building and Equipment	425,000	880,318
	<u>15,687,290</u>	<u>17,318,217</u>
Reclassifications to long-lived assets held for sale	(1,225,000)	-
Less: Allowance for Depreciation	<u>(2,702,605)</u>	<u>(3,831,854)</u>
Capital Assets, Net	<u>\$ 11,759,685</u>	<u>\$ 13,486,363</u>

Depreciation expense of \$859,486 and \$364,255 was recorded for 2017 and 2016, respectively. During 2017, the Organization listed several properties for sale and reclassified those capital assets to long-lived assets held for sale as of March 31, 2017. Additionally, the Organization recognized an impairment loss of \$286,435 in 2017 related to the differences between the net book value and estimated fair value of these capital assets.

NOTE 9 - EMPLOYEE RETIREMENT BENEFITS

The Organization has a 403(b) savings plan covering substantially all employees. The Organization matches employee contributions to their 403(b) savings plan up to a maximum of 5% of their eligible compensation based on the following schedule:

0 – 2 years of full time continuous employment:	0%
2 – 3 years of full time continuous employment:	3%
3 – 4 years of full time continuous employment:	4%
4 or more years of full time continuous employment:	5%

All full time employees may begin making voluntary contributions to the Organization's 403(b) plan 90 days after they are hired, and part-time employees may contribute after completing 1,000 hours of service. The plan match expenses incurred by the Organization during 2017 and 2016 were \$28,326 and \$28,229, respectively.

SOUTH PLAINS FOOD BANK, INC.

NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2017 AND 2016

NOTE 10 - COMMITMENTS

Leases - The Organization leases equipment under operating lease agreements expiring at various dates through 2021. Total rental expense in 2017 and 2016 for operating leases was \$41,045 and \$29,718, respectively. The following is a schedule by year of future minimum lease payments under operating leases for the years following March 31, 2017 that have initial or remaining terms in excess of one year:

Year Ending		
March 31,		
2018	\$	23,944
2019		21,584
2020		20,319
2021		8,466
	\$	<u>74,313</u>

NOTE 11 - LINE OF CREDIT

The Organization entered into an unsecured line of credit with the J.T. and Margaret Talkington Charitable Foundation, Inc. for \$2,500,000 with \$1,073,725 and \$1,500,000 outstanding as of March 31, 2017 and 2016, respectively. The line of credit carries a 4% interest rate and matures the earlier of January 1, 2018 or 30 days after the sale of unused warehouses and offices. Interest on the outstanding principal is payable in arrears on the maturation date.

SUPPLEMENTARY INFORMATION

SOUTH PLAINS FOOD BANK, INC.

SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS – COLUMNAR FORMAT YEAR ENDED MARCH 31, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues, gains and other support			
Support received directly			
Grants	\$ 248,249	\$ 371,937	\$ 620,186
Commodities handling fees	-	152,406	152,406
Contributions	2,612,665	68,326	2,680,991
In-kind donations	8,416,770	-	8,416,770
Support received indirectly			
USDA commodities	-	1,163,760	1,163,760
Total support from the public	11,277,684	1,756,429	13,034,113
Other Revenue			
Shared maintenance fees	427,785	-	427,785
Meal programs	658,278	-	658,278
Catering	7,619	-	7,619
Programs and rentals	26,966	-	26,966
Investment income	29,565	-	29,565
Special event fundraising	38,815	-	38,815
Impairment loss	(286,435)	-	(286,435)
Gain on sale of assets	130,949	-	130,949
Other	7,921	-	7,921
Total other revenue	1,041,463	-	1,041,463
Net assets released from restrictions			
USDA commodities released for distribution	1,286,819	(1,286,819)	-
Satisfaction of program restrictions	1,207,306	(1,207,306)	-
Total net assets released from restrictions	2,494,125	(2,494,125)	-
Total revenues, gains and other support	14,813,272	(737,696)	14,075,576
Expenses			
Program services	12,427,260	-	12,427,260
Fundraising	625,653	-	625,653
Management and general	862,453	-	862,453
Total expenses	13,915,366	-	13,915,366
Change in net assets	897,906	(737,696)	160,210
Net assets at beginning of year	16,158,372	2,881,226	19,039,598
Net assets at end of year	<u>\$ 17,056,278</u>	<u>\$ 2,143,530</u>	<u>\$ 19,199,808</u>

See report of independent auditors on pages 1 and 2.

SOUTH PLAINS FOOD BANK, INC.

SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS – COLUMNAR FORMAT YEAR ENDED MARCH 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues, gains and other support			
Support received directly			
Received directly			
Grants	\$ 208,623	\$ 5,219,113	\$ 5,427,736
Commodities handling fees	-	149,622	149,622
Contributions	2,603,603	189,705	2,793,308
In-kind donations	7,978,896	-	7,978,896
Received indirectly			
USDA commodities	-	1,065,934	1,065,934
Net support from special events	29,013	-	29,013
	<u>10,820,135</u>	<u>6,624,374</u>	<u>17,444,509</u>
Total support from the public	10,820,135	6,624,374	17,444,509
Other Revenue			
Shared maintenance fees	441,980	-	441,980
Meal programs	712,588	-	712,588
Catering	7,009	-	7,009
Programs and rentals	39,205	-	39,205
Investment income	30,369	-	30,369
Miscellaneous income	10,332	-	10,332
	<u>1,241,483</u>	<u>-</u>	<u>1,241,483</u>
Total other revenue	1,241,483	-	1,241,483
Net assets released from restrictions			
USDA commodities shipped	1,091,694	(1,091,694)	-
Satisfaction of program restrictions	5,485,896	(5,485,896)	-
	<u>6,577,590</u>	<u>(6,577,590)</u>	<u>-</u>
Total net assets Released from restrictions	6,577,590	(6,577,590)	-
Total revenues, gains and other support	18,639,208	46,784	18,685,992
Expenses			
Program services	12,036,779	-	12,036,779
Fundraising	687,379	-	687,379
Management and general	730,351	-	730,351
	<u>13,454,509</u>	<u>-</u>	<u>13,454,509</u>
Total expenses	13,454,509	-	13,454,509
Change in net assets	5,184,699	46,784	5,231,483
Net assets at beginning of year	<u>10,973,673</u>	<u>2,834,442</u>	<u>13,808,115</u>
Net assets at end of year	<u>\$ 16,158,372</u>	<u>\$ 2,881,226</u>	<u>\$ 19,039,598</u>

See report of independent auditors on pages 1 and 2.

SOUTH PLAINS FOOD BANK, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED MARCH 31, 2017

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Grantor Number	Federal Expenditures
Major program:			
Food Distribution Cluster			
US Department of Agriculture			
Passed through the Texas Department of Agriculture			
Texas Commodity Assistance Program (Commodities)	10.569	01535	\$ 1,163,760
Texas Commodity Assistance Program (Administrative Costs)	10.568	01535	<u>152,406</u>
Total Food Distribution Cluster			1,316,166
Non-major programs:			
US Department of Agriculture			
Passed through the Texas Department of Agriculture			
Summer Food Service Program	10.559	01535	224,421
Child Care Center (Kid's Café)	10.558	01535	295,357
Farmers Market Nutrition Program	10.572	01535	89,955
Passed through the Texas Department of Health and Human Services			
Nutrition Education Program	10.561	529-006-0002-0003	<u>88,800</u>
Total non-major programs			<u>698,533</u>
Total expenditures of federal awards			<u><u>\$ 2,014,699</u></u>

See report of independent auditors on pages 1 and 2.

See accompanying notes to schedule of expenditures of federal awards.

SOUTH PLAINS FOOD BANK, INC.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS MARCH 31, 2017

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (SEFA) includes the federal award activity of the Organization under programs of the federal government for the year ended March 31, 2017. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

Expenditures reported on the SEFA are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Organization has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

Non-Cash Awards

The value of United States Department of Agriculture (USDA) commodities received during 2017 and reported in the accompanying statement of activities and changes in net assets was estimated by the USDA. The value of USDA commodities distributed during 2017, including amounts held in inventory at the beginning of 2017, and reported in the accompanying 2017 statement of functional expenses was from the Commodity Supplemental Food Program. As of March 31, 2017, the Organization had an inventory of USDA food commodities of \$118,024 included in the accompanying statement of financial position.

NOTE 3 – SUBRECIPIENT PASS THROUGH

No entities received pass through federal awards from the Organization during 2017.



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**REPORT OF INDEPENDENT AUDITORS 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
South Plains Food Bank, Inc.
Lubbock, Texas

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, the financial statements of South Plains Food Bank, Inc. (the Organization), which comprise the statement of financial position as of March 31, 2017, 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 August 7, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization'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 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. 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.

Board of Directors
South Plains Food Bank, Inc.
Lubbock, Texas

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization'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 Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Blue & Co., LLC

Lubbock, Texas
August 7, 2017



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**REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED
BY THE UNIFORM GUIDANCE**

Board of Directors
South Plains Food Bank, Inc.
Lubbock, Texas

Report on Compliance for Each Major Federal Program

We have audited South Plains Food Bank, Inc.'s (the Organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended March 31, 2017. The Organization'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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization'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; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Board of Directors
South Plains Food Bank, Inc.
Lubbock, Texas

Opinion on Each Major Federal Program

In our opinion, the Organization 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 March 31, 2017.

Report on Internal Control Over Compliance

Management of the Organization 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 the Organization'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 the Uniform Guidance, 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 the Organization'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.

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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Blue & Co., LLC

Lubbock, Texas
August 7, 2017

SOUTH PLAINS FOOD BANK, INC.

**SCHEDULES OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED MARCH 31, 2017**

Section I - Summary of audit results:

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? yes none reported

Significant deficiency(s) identified that are not considered to be material weakness(es)? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal controls over major programs:

Material weakness(es) identified? yes none reported

Significant deficiency(s) identified that are not considered to be material weakness(es)? yes none reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? yes no

Identification of major program (s):

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
10.568 & 10.569	Food Distribution Cluster

Dollar threshold used to distinguish between type A and B programs: \$750,000

Auditee qualified as low-risk auditee? yes no

Section II - Findings related to financial statements reported in accordance with Government Auditing Standards:

No matters reported

Section III - Findings and questioned costs relating to Federal awards:

No matters reported

Section IV - Summary schedule of prior audit findings:

Not applicable