

**FOOD BANK OF NORTHEAST LOUISIANA, INC.**

*Financial Statements  
For the Year Ended June 30, 2019*



**FOOD BANK OF NORTHEAST LOUISIANA, INC.**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2019**

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# CAMERON, HINES & COMPANY

(A Professional Accounting Corporation)

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## INDEPENDENT AUDITORS' REPORT

Board of Directors of  
Food Bank of Northeast Louisiana, Inc.

### **Report on the Financial Statements**

We have audited the accompanying statements of Food Bank of Northeast Louisiana, Inc., (a non profit organization), which comprise the statement of financial position as of June 30, 2019 and the related statements of activities, functional expenses and cash flows for the year 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.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express 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 Food Bank of Northeast Louisiana, Inc., as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. 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*, and the Schedule of Compensation, Benefits, and Other Payments to Agency Head are presented for purposes of additional analysis and is 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 December 31, 2019, on our consideration of Food Bank of Northeast Louisiana, 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 Food Bank of Northeast Louisiana's internal control over financial reporting and compliance.

*Cameron, Hines & Company (APAC)*

**FOOD BANK OF NORTHEAST LOUISIANA, INC.**  
**STATEMENT OF FINANCIAL POSITION**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<i>For the Year Ended</i> <u>June 30,</u> <u>2019</u>
<b><u>ASSETS</u></b>			
<b>Current Assets:</b>			
Cash and Cash Equivalents	\$ 362,259	\$ -	\$ 362,259
Certificates of Deposit	48,957	-	48,957
Money Market Accounts	292,585	-	292,585
Accounts Receivable:	-	-	-
Agency Receivable	8,988	-	8,988
USDA Receivable	29,797	-	29,797
Promises to Give - United Way	-	33,652	33,652
Inventory	829,143	-	829,143
<b>Total Current Assets</b>	<u>1,571,729</u>	<u>33,652</u>	<u>1,605,381</u>
<b>Property and Equipment:</b>			
Office Equipment	37,005	-	37,005
Warehouse Equipment	107,575	-	107,575
Vehicles	321,940	-	321,940
Leasehold Improvements	442,833	-	442,833
Accumulated Depreciation	<u>(632,475)</u>	<u>-</u>	<u>(632,475)</u>
<b>Net Property and Equipment</b>	<u>276,878</u>	<u>-</u>	<u>276,878</u>
 <b><u>TOTAL ASSETS</u></b>	 <u><u>\$ 1,848,607</u></u>	 <u><u>\$ 33,652</u></u>	 <u><u>\$ 1,882,259</u></u>
<b><u>LIABILITIES AND NET ASSETS</u></b>			
<b>Current Liabilities:</b>			
Accounts Payable	\$ 17,508	\$ -	\$ 17,508
Payroll Taxes Payable	1,524	-	1,524
<b>Total Current Liabilities</b>	<u>19,032</u>	<u>-</u>	<u>19,032</u>
<b>Net Assets</b>			
Without Donor Restrictions		-	-
Undesignated	1,552,697	-	1,552,697
Net Investment in Property and Equipment	276,878	-	276,878
With Donor Restrictions		-	-
Time Restrictions		33,652	33,652
<b>Total Net Assets</b>	<u>1,829,575</u>	<u>33,652</u>	<u>1,863,227</u>
 <b><u>TOTAL LIABILITIES AND NET ASSETS</u></b>	 <u><u>\$ 1,848,607</u></u>	 <u><u>\$ 33,652</u></u>	 <u><u>\$ 1,882,259</u></u>

The accompanying notes are an integral part of this financial statement.

**FOOD BANK OF NORTHEAST LOUISIANA, INC.**  
**STATEMENT OF ACTIVITIES**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>For the Year Ended June 30, 2019</u>
<b><u>Support and Revenue:</u></b>			
Shared Maintenance and Handling Fees	\$ 29,072	\$ -	\$ 29,072
Contributions	309,222	-	309,222
Contributions - Adopt-a-Senior	6,300	-	6,300
Contributions - Various Programs	47,218	-	47,218
Contributions - Donated Product	3,193,930	-	3,193,930
USDA Reimbursements	211,702	-	211,702
SNAP Reimbursements	26,492	-	26,492
United Way Funding	28,690	85,697	114,387
USDA Commodities Received	2,673,577	-	2,673,577
Grants	248,737	-	248,737
Fundraising	316,590	-	316,590
Interest Income	2,155	-	2,155
Net Assets Released from Restrictions	85,697	(85,697)	-
Total Support and Revenue	7,179,382	-	7,179,382
<b><u>Expenses:</u></b>			
<b>Programs:</b>			
Agency	5,698,664	-	5,698,664
Adopt-a-Senior	809,054	-	809,054
Backpack	296,579	-	296,579
Snap	75,250	-	75,250
Kid's Cabinet	164,972	-	164,972
Volunteer	31,916	-	31,916
Disaster	4,046	-	4,046
Total Programs	7,080,481	-	7,080,481
Administration	100,700	-	100,700
Fundraising	62,431	-	62,431
Total Expenses	7,243,612	-	7,243,612
<b><u>Changes in Net Assets</u></b>	(64,230)	-	(64,230)
<b><u>Net Assets at Beginning of Year</u></b>	1,893,805	33,652	1,927,457
<b><u>NET ASSETS AT END OF YEAR</u></b>	\$ 1,829,575	\$ 33,652	\$ 1,863,227

The accompanying notes are an integral part of this financial statement.

**FOOD BANK OF NORTHEAST LOUISIANA, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**

	Program Services				Volunteer
	Agency Program	Senior Program	Backpack Program	Snap Program	
Advertising	\$ 175	\$ 25	\$ -	\$ -	\$ (50)
Bank Charges	-	-	-	-	-
Computer Expense	8,265	5,744	4,596	1,149	-
Depreciation	24,531	17,495	13,996	3,499	-
Donated Product Distributed	3,095,360	217,224	-	-	-
Donor Development	44,272	19,846	14,828	-	6
Dues and Subscriptions	3,453	2,473	1,982	512	6
Employee Benefits	28,870	11,283	7,365	7,435	-
Fleet	9,417	5,555	3,552	170	-
Freight	31,597	11,067	-	-	-
Fundraising Expense	3,659	1,788	2,151	305	-
In Kind Expenses	-	-	-	-	-
Insurance	10,601	7,572	6,058	1,514	-
Miscellaneous	81	55	43	12	-
Office Supplies	1,300	502	383	382	-
Postage and Printing	4,121	3,516	830	830	-
PPO/VAP Fees	7,475	2,966	140	-	-
Professional Fees	32,438	22,896	18,432	5,752	-
Program Expense	9,412	27,605	2,204	1,422	-
Public Awareness	672	470	372	94	-
Purchased Food Distributed	95,838	1,968	144,593	-	-
Rent	54,779	34,249	27,391	7,459	-
Repairs and Maintenance	2,994	2,125	1,565	423	-
Salaries	144,804	56,951	42,919	44,128	31,954
Travel	1,317	332	786	164	-
USDA Commodities Distributed	2,078,442	352,337	-	-	-
Warehouse Expense	4,791	3,010	2,393	-	-
<b>Total Expenses, year ended June 30, 2019</b>	<b>\$ 5,698,664</b>	<b>\$ 809,054</b>	<b>\$ 296,579</b>	<b>\$ 75,250</b>	<b>\$ 31,916</b>

Kids Cabinet	Disaster	Management and General	Fundraising	<i>For the Year Ended</i>	
				<i>June 30,</i>	
				2019	
25	-	\$ (167)	-	8	
-	-	1,703	-	1,703	
2,298	-	1,149	-	23,201	
6,960	-	3,499	-	69,980	
39,357	-	-	-	3,351,941	
9,760	-	-	9,570	98,282	
1,467	-	53	-	9,946	
3,694	-	14,287	-	72,934	
1,613	-	838	-	21,145	
2,474	-	-	-	45,138	
478	-	599	714	9,694	
-	-	3,290	-	3,290	
758	-	3,785	-	30,288	
22	-	14	-	227	
250	-	1,057	-	3,874	
554	-	2,516	275	12,642	
298	-	-	-	10,879	
7,971	-	4,666	-	92,155	
556	-	595	-	41,794	
270	-	-	-	1,878	
48,324	-	-	-	290,723	
13,611	-	124	-	137,613	
833	-	567	-	8,507	
21,042	4,046	61,991	51,872	459,707	
634	-	89	-	3,322	
-	-	-	-	2,430,779	
1,723	-	45	-	11,962	
<u>\$ 164,972</u>	<u>\$ 4,046</u>	<u>\$ 100,700</u>	<u>\$ 62,431</u>	<u>\$ 7,243,612</u>	

The accompanying notes are an integral part of this financial statement.



**FOOD BANK OF NORTHEAST LOUISIANA, INC.**  
**STATEMENTS OF CASH FLOWS**

	<i>For the Year Ended</i> <i>June 30,</i> <hr/> 2019 <hr/>
Cash Flows from Operating Activities:	
Changes in Net Assets	\$ (64,230)
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided (Used) by Operating Activities:	
Depreciation	69,980
(Increase) Decrease in:	
Money Market Accounts	(1,122)
Accounts Receivable	(4,609)
Inventory	(76,002)
Increase (Decrease) in:	
Accounts Payable	5,413
Accrued Expenses	(66)
<u>Net Cash Provided (Used) by Operating Activities</u>	<u>(70,636)</u>
Cash Flows from Investing Activities:	
(Increase) Decrease in Certificates of Deposit	(781)
<u>Net Cash Provided (Used) by Investing Activities</u>	<u>(781)</u>
<u>Increase (Decrease) in Cash and Cash Equivalents</u>	(71,417)
<u>Cash and Cash Equivalents, Beginning of Year</u>	<u>433,676</u>
<u>CASH AND CASH EQUIVALENTS, END OF YEAR</u>	<u>\$ 362,259</u>

The accompanying notes are an integral part of this financial statement.

**FOOD BANK OF NORTHEAST LOUISIANA, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

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

Nature of Activity

The Food Bank of Northeast Louisiana, Inc. is a nonprofit organization that is located in Monroe, Louisiana and serves 12 northeast parishes (Caldwell, East Carroll, Franklin, Jackson, Lincoln, Madison, Morehouse, Ouachita, Richland, Tensas, Union, and West Carroll). The Food Bank procures, sorts, inventories, and provides food and products to our partner agencies for distribution into their local communities. In addition, the Food Bank operates programs that directly provide food and support to those in need. Together, with our hunger-relief network, we serve over 43,000 people annually.

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

Basis of Accounting

The financial statements of Food Bank of Northeast Louisiana, Inc. have been prepared on the accrual basis and, accordingly, reflect all significant receivables and payables.

Basis of Presentation

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions-* Net assets available for use in general operations and not subject to donor or grantor restrictions.

*Net Assets With Donor Restrictions-* Net assets subject to donor or grantor – imposed restrictions. Some restrictions are temporary in nature, such as those that will be met with the passage of time or occurrence of other events. Other donor – imposed restrictions are perpetual in nature, where the donor stipulates the resources be maintained in perpetuity. Donor – imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. As of June 30, 2019, the Food Bank of Northeast Louisiana does not have any restrictions that are perpetual in nature.

**FOOD BANK OF NORTHEAST LOUISIANA, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

Note 1 - Nature of Activities and Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

Food Bank of Northeast Louisiana, Inc. considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable represent amounts that have been expensed for food distribution purposes and are to be reimbursed in full by the USDA and have been promised over the next twelve months. Accounts receivable also represent handling fees from participating agencies that will be received over the next twelve months.

Inventory

Inventory consists of donated, USDA, and purchased food. Donated food is valued using a valuation published by Feeding America each year. USDA food is valued using fair market values established by the USDA. Purchased food is valued using the actual cost of the product.

Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation of buildings and equipment is provided over the estimated useful lives of the respective assets using the straight-line method:

	<u>Years</u>
Improvements	7-40
Vehicles	5
Furniture, Fixtures and Equipment	5-7

Public Support and Revenue

Annual contributions are recorded as revenue when received and are generally available for unrestricted use unless specifically restricted by the donor.

Unreimbursed expenses are recorded as income and as accounts receivable when requests for reimbursement are submitted to the USDA.

Contributions of donated non-cash assets are recorded at their fair value in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values.

**FOOD BANK OF NORTHEAST LOUISIANA, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

Note 1 - Nature of Activities and Summary of Significant Accounting Policies (continued)

Promises to Give

Certain 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 reclassified to unrestricted net assets.

Functional Allocation of Expenses

The cost of providing the various programs and activities has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Note 2 - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash and cash equivalents	\$ 362,259
Current value of certificates of deposit maturing within one year	48,957
Money market accounts	292,585
Accounts receivable	38,785
Promises to give with temporary restrictions that will expire	<u>33,652</u>
<b>Total Liquid and Available Assets</b>	<b>\$ <u>776,238</u></b>

Note 3 - Cash and Cash Equivalents

Food Bank of Northeast Louisiana, Inc. maintains its cash balances in four local financial institutions. The bank balances of \$653,905 are covered by Federal Deposit Insurance Corporation up to \$250,000 at each bank, but the Food Bank of Northeast Louisiana has \$9,925 of its bank balance that exceed the Federal Deposit Insurance Corporation's limits. Total cash on hand at June 30, 2019 was \$654,844.

Food Bank of Northeast Louisiana, Inc. also has three certificates of deposit. The certificates of deposits had a fair value of \$48,957 at June 30, 2019 and were not considered cash equivalents. The certificate of deposit is covered by FDIC insurance.

Note 4 - Income Taxes

Food Bank of Northeast Louisiana, Inc. is a nonprofit corporation exempted from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made; however, should the

**FOOD BANK OF NORTHEAST LOUISIANA, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

Note 4 - Income Taxes (Continued)

organization engage in activities unrelated to its exempt purpose, taxable income could result. The organization had no material unrelated business income for the six months ended June 30, 2019. The earliest income tax year that is subject to examination is 2016.

Note 5 - Property and Equipment

A summary of land, buildings, equipment and accumulated depreciation at June 30, 2019 is as follows:

	<u>2019</u>
Office Equipment	\$ 37,006
Warehouse Equipment	107,575
Vehicles	321,939
Leasehold Improvements	442,833
Accumulated Depreciation	<u>(632,475)</u>
Net Property and Equipment	<u>\$ 276,878</u>

Depreciation expense for the year ended June 30, 2019 was \$69,980.

Note 6 - Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes or periods:

	<u>2019</u>
Six months after June 30,	
United Way of Northeast Louisiana	<u>33,652</u>
Total Temporarily Restricted Assets	<u>\$ 33,652</u>

Net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors as follows:

	<u>2019</u>
Time Restrictions Expired:	
United Way of Northeast Louisiana	\$ 85,697
Total Restriction Released	<u>\$ 85,697</u>

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.

**FOOD BANK OF NORTHEAST LOUISIANA, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

Note 7 - Promises to Give

Unconditional promises to give consist of the following:

	<u>2019</u>
United Way of Northeast Louisiana	\$ 33,652

Note 8 - Food Distributions

During 2019, the Food Bank distributed 2,069,099 pounds of food to the community valued at \$1.62 per pound, totaling \$3,351,941. The Food Bank also distributed 3,168,507 pounds of commodities through USDA valued at fair market values established by USDA and totaled \$2,430,779. Lastly, the Food Bank distributed 341,487 pounds of purchased food valued at purchase prices totaling 290,723. This resulted in a gross distribution of \$6,073,443, for the year ended June 30, 2019.

Note 9 - Inventory

The Food Bank receives products from USDA donations, food purchases, and various unsolicited donations. During 2019 approximately 5,902,180 pounds of products were received, from the following sources:

	<u>2019</u>
USDA	3,567,935
Donated Food	2,023,511
Purchased Food	<u>310,734</u>
Total	<u>5,902,180</u>

As of June 30, 2019, the Food Bank had approximately 636,494 pounds of food on hand valued at \$1.62 per pound and the commodities through USDA market values, totaling \$829,143.

Note 10 - In-Kind Contributions

In-kind contributions for funds receiving government grants consist of time donated by volunteer workers established by state and federal regulatory agencies providing the grant funds; also, donated food, advertising, and other items valued at estimated fair market value. The volunteer hours and donated food and clothing are not recorded in the financial statements.

**FOOD BANK OF NORTHEAST LOUISIANA, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

Note 11 - Commitments and Contingencies

Economic Dependence

The Organization receives a substantial amount of its support from federal and state government reimbursements and from the United Way. A significant reduction in the level of this support, if this were to occur, may have an effect on the organization's programs and activities.

Note 12 - 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.

Note 13 - Subsequent Events

Subsequent events have been evaluated through December 31, 2019, the date that the financial statements were available to be issued. All subsequent events determined to be relevant and material to the financial statements have been appropriately recorded or disclosed.

# CAMERON, HINES & COMPANY

(A Professional Accounting Corporation)

*Certified Public Accountants*

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**INDEPENDENT AUDITORS' 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 of  
Food Bank of Northeast Louisiana, Inc.

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 Food Bank of Northeast Louisiana, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2019, and the related statement 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 December 31, 2019.

### **Internal Control Over Financial Reporting**

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of Food Bank of Northeast Louisiana, Inc.'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 over financial reporting 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 Food Bank of Northeast Louisiana, 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 audits, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that is required to be reported under the *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 Food Bank of Northeast Louisiana, Inc.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Food Bank of Northeast Louisiana, Inc.'s internal control and compliance. Accordingly, the communication is not suitable for any other purpose.

*Cameron, Hines & Company (APAC)*

West Monroe, Louisiana  
December 31, 2019

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

Board of Directors of  
Food Bank of Northeast Louisiana, Inc.

### **Report on Compliance for Each Major Federal Program**

We have audited Food Bank of Northeast Louisiana, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Food Bank of Northeast Louisiana, Inc.'s major federal programs for the years ended June 30, 2019. Food Bank of Northeast Louisiana, Inc.'s major federal programs are identified in the Summary of Auditors' Results section of the accompanying Schedule of Findings and Questioned Costs.

### ***Management's Responsibility***

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of Food Bank of Northeast Louisiana, Inc.'s major federal programs based on our audits of the types of compliance requirements referred to above. We conducted our audits 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 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 Food Bank of Northeast Louisiana, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### ***Opinion on Each Major Federal Program***

In our opinion, Food Bank of Northeast Louisiana, 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 the major federal programs for the year ended June 30, 2019.

***Internal Control Over Compliance***

Management of Food Bank of Northeast Louisiana, 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 audits of compliance, we considered Food Bank of Northeast Louisiana, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program in order 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 Food Bank of Northeast Louisiana, 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 a 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 the 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 significant deficiencies or material weaknesses. 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.

*Cameron Hines & Company (APAC)*

West Monroe, Louisiana  
December 31, 2019

**FOOD BANK OF NORTHEAST LOUISIANA, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

To The Board of Directors  
 Food Bank of Northeast Louisiana, Inc.  
 Monroe, Louisiana

We have audited the financial statements of Food Bank of Northeast Louisiana, Inc. as of and for the year ended June 30, 2019, and have issued our report thereon dated December 31, 2019. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of June 30, 2019, resulted in an unmodified opinion.

**SECTION I - Summary of Auditors' Results**

A. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weakness \_\_\_ yes X no

Significant Deficiencies not considered to be  
 Material Weaknesses \_\_\_ yes X no

Compliance

Compliance Material to Financial Statements \_\_\_ yes X no

B. Federal Awards

Material Weakness Identified \_\_\_ yes X no

Significant Deficiencies not considered to be  
 Material Weaknesses \_\_\_ yes X no

Type of Opinion on Compliance for Major Programs

Unmodified X Modified \_\_\_\_\_

Disclaimer \_\_\_\_\_ Adverse \_\_\_\_\_

Are their findings required to be reported in accordance with Title 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), subpart F? No

C. Identification of Major Programs:

Name of Federal Program (or cluster) USDA – Emergency Food Distribution  
 program (Food Commodities)

CFDA Number(s) 10.568

Dollar threshold used to distinguish between Type A and Type B Programs. \$750,000

Is the auditee a “low-risk” auditee, as defined by Title 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), subpart F? Yes

**FOOD BANK OF NORTHEAST LOUISIANA, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2019 (CONTINUED)**

Section II - Financial Statement Findings

There were no findings in this section.

Section III - Federal Award Findings and Questioned Costs

There were no findings in this section.

**FOOD BANK OF NORTHEAST LOUISIANA, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

<u>Federal Grants/Pass Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Agency or Pass-Through Number</u>	<u>Expenditures</u>
<b>U.S. Department of Agriculture:</b>			
Pass-through program from State Department of Agriculture and Forestry Food Distribution	10.568	N/A	\$2,673,577*
Pass-through program from State Department of Agriculture and Forestry Reimbursement	10.569	N/A	<u>211,702</u>
 <b><u>TOTAL</u></b>			 <b><u>\$ 2,885,279</u></b>

\* Denotes Major Federal Assistance program.

See accompanying Notes to Schedule of Expenditures of Federal Awards

**FOOD BANK OF NORTHEAST LOUISIANA, INC.**  
**NOTES TO SCHEDULE OF EXPENDITURES**  
**OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

1. General

The Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of Food Bank of Northeast Louisiana, Inc. The reporting entity is defined in Note 1 to Food Bank of Northeast Louisiana, Inc.'s financial statements. All federal award programs received directly from federal agencies, as well as federal awards passed through other government agencies, is included on the schedule.

2. Basis of Accounting

The Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 to Food Bank of Northeast Louisiana, Inc.'s financial statements. The information in this schedule 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*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

3. Food Distribution

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2019, the organization had food commodities totaling \$480,043 in inventory.

**FOOD BANK OF NORTHEAST LOUISIANA, INC.**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

**Internal Control and Compliance Material to the Financial Statements**

**2018-001      Noncompliance with State Law**

**Condition:** The audited financial statements were not transmitted to the Louisiana Legislative Auditor within the time frame prescribed by law. Therefore the Food Bank was not in compliance with state law.

**Recommendation:** The change of software systems that caused this finding has been determined to be a one-time event. Now that the software system has been implemented, future occurrences of this finding should not occur.

**Current Status:** The Food Bank of Northeast Louisiana's audited financial statements were timely filed for the year ended June 30, 2019.

**Internal Control and Compliance Material to Federal Awards**

This section not applicable.

**Management Letter**

No management letter was issued.



**FOOD BANK OF NORTHEAST LOUISIANA, INC.**  
**SCHEDULE OF COMPENSATION, BENEFITS,**  
**AND OTHER PAYMENTS TO AGENCY HEAD**  
**JUNE 30, 2019**

<b>Agency Head</b>	<b>Jean Toth</b>
Title	<u>Executive Director</u>
<b>Purpose</b>	
Salary	\$ -
Benefits - Payroll Taxes	-
Cell Phone	-
Insurance (Health and Life)	-
Moving Expenses	-
Total Compensation, Benefits and Other Payments	<u>\$ -</u>

The Food Bank of Northeast Louisiana, Inc. is a nongovernmental entity that receives public funds. However, no public funds are used to pay for the compensation, benefits, or other payments to the agency head.

# CAMERON, HINES & COMPANY

(A Professional Accounting Corporation)

*Certified Public Accountants*

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To the Food Bank of NELA and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the Food Bank of NELA (Food Bank) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2018 through June 30, 2019. Food Bank's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

## ***Written Policies and Procedures***

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1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):<sup>1</sup>
  - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget
  - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
  - c) ***Disbursements***, including processing, reviewing, and approving
  - d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

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<sup>1</sup> For governmental organization, the practitioner may eliminate those categories and subcategories that do not apply to the organization's operations. For quasi-public organizations, including non-profits, the practitioner may eliminate those categories and subcategories that do not apply to public funds administered by the quasi-public.

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- i) **Ethics<sup>2</sup>**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

**Findings:** The Food Bank does not have written policies and procedures in place that address any of the above categories and subcategories.

### ***Bank Reconciliations***

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2. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts<sup>3</sup> (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

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<sup>2</sup> The Louisiana Code of Ethics is generally not applicable to non-profit entities but may be applicable in certain situations, such as councils on aging. If ethics is applicable to a non-profit, the non-profit should have written policies and procedures relating to ethics.

<sup>3</sup> Accounts selected may exclude savings and investment accounts that are not part of the entity's daily business operations.

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

**Findings:** Five exceptions noted where there was no evidence that the reconciliation was not prepared within 2 months of the closing date of the statement. Note: These exceptions were determined to be due to a change in accounting software that only showed the date that the bank reconciliation was printed. The copies we were provided were printed that same day. Therefore, there was no documentation that showed the date that the bank reconciliations were prepared. Five exceptions noted where there was no evidence that a member of management or board member had reviewed the reconciliation.

***Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)***

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3. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

4. For each location selected under #3 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
- b) At least two employees are involved in processing and approving payments to vendors.
- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

[Note: Exceptions to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); should not be reported.]

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5. For each location selected under #3 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

- a) Observe that the disbursement matched the related original invoice/billing statement.
- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

**Findings:** No exceptions noted.

### ***Credit Cards/Debit Cards/Fuel Cards/P-Cards***

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6. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards<sup>4</sup>. Obtain management's representation that the listing is complete.

7. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]]
- b) Observe that finance charges and late fees were not assessed on the selected statements.

8. Using the monthly statements or combined statements selected under #7 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing)<sup>5</sup>. For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

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<sup>4</sup> Including credit cards used by school staff for either school operations or student activity fund operations.

<sup>5</sup> For example, if 3 of the 5 cards selected were fuel cards, only 10 transactions would be selected for each of the 2 credit cards. Conceivably, if all 5 cards randomly selected under procedure #12 were fuel cards, Procedure #13 would not be applicable.

**Findings:** One exception noted where there was no original itemized receipt showing what was purchased. One exception noted where there was no documentation showing the business/public purpose of the purchase.

### ***Travel and Travel-Related Expense Reimbursements<sup>6</sup> (excluding card transactions)***

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9. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
  - a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).
  - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
  - c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
  - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

**Findings:** No exceptions noted.

### ***Management's Response***

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We concur with the results of the procedures and are working diligently to improve controls.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or

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<sup>6</sup> Non-travel reimbursements are not required to be tested under this category.

compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

*Cameron, Hines & Company (APAC)*

West Monroe, Louisiana  
December 16, 2019