

FOOD BANK OF NORTHEAST LOUISIANA, INC.

*Financial Statements
For the Years Ended December 31, 2016 and 2015*



FOOD BANK OF NORTHEAST LOUISIANA, INC.
FINANCIAL REPORT
FOR THE YEARS ENDED DECEMBER 31, 2016 and 2015

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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 December 31, 2016 and 2015, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 December 31, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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 June 29, 2017, 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.
STATEMENTS OF FINANCIAL POSITION

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<i>For the Years Ended</i>	
			<u>2016</u>	<u>2015</u>
<u>ASSETS</u>				
Current Assets:				
Cash and Cash Equivalents	\$ 559,702	-	\$ 559,702	\$ 405,466
Certificates of Deposit	351,276	-	351,276	350,418
Accounts Receivable:	-	-	-	-
Agency Receivable	14,464	-	14,464	15,294
USDA Receivable	-	16,228	16,228	7,098
Promises to Give - United Way	-	49,000	49,000	46,032
Inventory	895,803	-	895,803	-
Total Current Assets	<u>1,821,245</u>	<u>65,228</u>	<u>1,886,473</u>	<u>824,308</u>
Property and Equipment:				
Office Equipment	38,254	-	38,254	38,254
Warehouse Equipment	116,576	-	116,576	63,505
Vehicles	323,384	-	323,384	387,991
Leasehold Improvements	442,833	-	442,833	403,952
Accumulated Depreciation	<u>(485,013)</u>	-	<u>(485,013)</u>	<u>(484,680)</u>
Net Property and Equipment	<u>436,034</u>	<u>-</u>	<u>436,034</u>	<u>409,022</u>
<u>TOTAL ASSETS</u>	<u>\$ 2,257,279</u>	<u>\$ 65,228</u>	<u>\$ 2,322,507</u>	<u>\$ 1,233,330</u>
<u>LIABILITIES AND NET ASSETS</u>				
Current Liabilities:				
Accounts Payable	\$ 22,924	\$ -	\$ 22,924	\$ 18,922
Payroll Taxes Payable	4,314	-	4,314	4,600
Total Current Liabilities	<u>27,238</u>	<u>-</u>	<u>27,238</u>	<u>23,522</u>
Net Assets				
Unrestricted	2,230,041	-	2,230,041	1,156,678
Temporarily Restricted	-	65,228	65,228	53,130
Total Net Assets	<u>2,230,041</u>	<u>65,228</u>	<u>2,295,269</u>	<u>1,209,808</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 2,257,279</u>	<u>\$ 65,228</u>	<u>\$ 2,322,507</u>	<u>\$ 1,233,330</u>

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

FOOD BANK OF NORTHEAST LOUISIANA, INC.
STATEMENTS OF ACTIVITIES

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<i>For the Years Ended</i>	
			<i>December 31,</i>	
			<u>2016</u>	<u>2015</u>
<u>Support and Revenue:</u>				
Shared Maintenance and Handling Fees	\$ 84,809	\$ -	\$ 84,809	\$ 119,352
Contributions	702,008	-	702,008	546,714
Contributions - Adopt-a-Senior	-	2,170	2,170	5,115
Contributions - Back Pack Program	-	35,505	35,505	22,265
Contributions - SNAP	-	57,435	57,435	38,812
Contributions - Disaster	-	75,815	75,815	-
Contributions - Donated Product	5,069,463	-	5,069,463	-
USDA Reimbursements	-	153,018	153,018	124,005
United Way Funding	-	107,016	107,016	114,570
USDA Commodities Received	1,948,927	-	1,948,927	-
Grants	125,490	133,136	258,626	93,736
Interest Income	2,009	-	2,009	1,645
Net Assets Released from Restrictions	551,997	(551,997)	-	-
Total Support and Revenue	<u>8,484,703</u>	<u>12,098</u>	<u>8,496,801</u>	<u>1,066,214</u>
<u>Expenses:</u>				
Programs:				
Agency	7,025,618	-	7,025,618	277,715
Adopt-a-Senior	190,017	-	190,017	203,277
Backpack	220,719	-	220,719	225,996
Snap	92,548	-	92,548	94,847
Kid's Cabinet	68,930	-	68,930	18,566
Disaster	4,121	-	4,121	205
Total Programs	<u>7,601,953</u>	<u>-</u>	<u>7,601,953</u>	<u>820,606</u>
Administration	258,478	-	258,478	119,266
Fundraising	134,859	-	134,859	162,118
Total Expenses	<u>7,995,290</u>	<u>-</u>	<u>7,995,290</u>	<u>1,101,990</u>
<u>Changes in Net Assets</u>	489,413	12,098	501,511	(35,776)
<u>Net Assets at Beginning of Year (Restated)</u>	<u>1,740,628</u>	<u>53,130</u>	<u>1,793,758</u>	<u>1,245,584</u>
<u>NET ASSETS AT END OF YEAR</u>	<u>\$ 2,230,041</u>	<u>\$ 65,228</u>	<u>\$ 2,295,269</u>	<u>\$ 1,209,808</u>

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

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

	Program Services			
	Agency Program	Senior Program	Backpack Program	Snap Program
Advertising	\$ 104	\$ 103	\$ 104	\$ -
Auto and Truck Expense	713	475	87	871
Bank Charges	-	-	-	-
Christmas Gifts	1,471	662	529	607
Computer Expense	2,603	2,602	2,461	2,567
Contract Labor	1,590	1,192	795	-
Depreciation	19,964	8,814	5,243	827
Disaster Relief Expense	-	-	-	-
Donated Product Distributed	5,084,976	-	-	-
Donor Development	-	-	-	-
Dues and Subscriptions	1,198	1,198	1,190	946
Education and Training	-	-	-	-
Emergency Boxes	39	-	-	-
Employee Benefits	-	-	-	-
Events	-	-	-	-
Exterminating	1,165	1,112	1,165	1,141
Food Purchases	849	339	122,893	-
Fundraising Expense	72	73	72	72
Grant Expense	-	-	-	-
Insurance	14,078	11,518	11,466	11,217
Meals	311	429	206	-
Miscellaneous	209	205	206	214
Office Supplies	798	523	533	1,094
Payroll Taxes	9,749	4,394	3,205	3,549
Postage and Printing	2,676	2,605	807	2,588
PPO/VAP Fees	2,184	546	-	-
Professional Fees	4,466	4,494	4,354	3,848
Rent	50,505	22,447	16,835	11,223
Repairs and Maintenance	1,347	590	330	-
Salaries	114,791	53,858	39,489	46,012
Shared Maintenance	-	34,801	109	-
Staff Appreciation	48	49	48	35
Supplies	-	9,698	-	-
Telephone	1,905	1,372	1,383	1,609
Travel	988	654	640	537
Trucking	29,397	7,212	6	-
USDA Commodities Distributed	1,664,013	-	-	-
Utilities	3,926	2,385	2,395	2,948
Van Expense/Operation	724	230	707	-
Volunteer Appreciation	643	1,000	605	643
Warehouse Expense	8,116	14,437	2,856	-
Total Expenses, year ended	\$ 7,025,618	\$ 190,017	\$ 220,719	\$ 92,548
December 31, 2016				

Kids Cabinet	Disaster	Management and General	Fundraising	For the Years Ended December 31,	
				2016	2015
103	-	\$ 4,763	-	\$ 5,177	\$ 500
87	-	420	-	2,653	6,202
-	-	2,203	-	2,203	2,048
239	-	3,707	325	7,540	-
2,431	-	2,674	-	15,338	16,094
183	-	215	-	3,975	53,545
1,097	-	29,008	-	64,953	69,635
-	-	76,490	-	76,490	-
-	-	-	-	5,084,976	-
-	-	-	106,178	106,178	106,519
400	-	1,198	-	6,130	8,630
-	-	-	-	-	1,200
-	-	-	-	39	3,429
-	-	-	-	-	6,432
-	-	453	-	453	-
339	-	874	-	5,796	5,559
14,726	-	-	-	138,807	113,704
32	-	105	252	678	6,162
-	-	-	750	750	10,300
10,618	-	9,267	-	68,164	63,223
18	-	117	-	1,081	1,954
203	-	610	-	1,647	2,274
166	-	584	-	3,698	5,824
1,725	290	6,936	2,031	31,879	24,588
963	-	1,498	453	11,590	7,701
-	-	-	-	2,730	1,600
2,650	162	4,473	170	24,617	9,293
5,144	-	6,079	-	112,233	112,232
25	-	12,591	-	14,883	48,534
22,199	3,669	86,551	24,700	391,269	275,049
1,507	-	-	-	36,417	-
46	-	46	-	272	-
-	-	-	-	9,698	9,965
587	-	1,616	-	8,472	12,353
169	-	654	-	3,642	919
2,210	-	2,237	-	41,062	76,128
-	-	-	-	1,664,013	-
-	-	2,383	-	14,037	14,566
23	-	-	-	1,684	-
558	-	653	-	4,102	3,039
482	-	73	-	25,964	22,789
<u>\$ 68,930</u>	<u>\$ 4,121</u>	<u>\$ 258,478</u>	<u>\$ 134,859</u>	<u>\$ 7,995,290</u>	<u>\$ 1,101,990</u>

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

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

	<i>For the Years Ended</i>	
	<i>December 31,</i>	
	<u>2016</u>	<u>2015</u>
Cash Flows from Operating Activities:		
Changes in Net Assets	\$ 501,511	\$ (35,776)
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	64,953	69,635
(Increase) Decrease in:		
Accounts Receivable	(8,300)	144,271
Promises to Give	(2,968)	-
Inventory	(311,853)	-
Increase (Decrease) in:		
Accounts Payable	6,541	(14,553)
Accrued Expenses	(286)	(1,016)
Deferred Grant Revenue	(2,538)	2,538
<u>Net Cash Provided (Used) by Operating Activities</u>	<u>247,060</u>	<u>165,099</u>
Cash Flows from Investing Activities:		
(Increase) Decrease in Certificates of Deposit	(858)	(1,538)
Purchase of Fixed Assets	(91,966)	(1,843)
<u>Net Cash Provided (Used) by Investing Activities</u>	<u>(92,824)</u>	<u>(3,381)</u>
<u>Increase (Decrease) in Cash and Cash Equivalents</u>	<u>154,236</u>	<u>161,718</u>
<u>Cash and Cash Equivalents, Beginning of Year</u>	<u>405,466</u>	<u>243,748</u>
<u>CASH AND CASH EQUIVALENTS, END OF YEAR</u>	<u>\$ 559,702</u>	<u>\$ 405,466</u>

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

FOOD BANK OF NORTHEAST LOUISIANA, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

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

Nature of Activity

Food Bank of Northeast Louisiana, Inc. is a nonprofit organization that is based in Monroe, Louisiana. The Organization's operations consist of coordinating food deliveries to the poor. All income received by the Food Bank is derived from food sales and individual contributions.

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

FASB Accounting Standards Codification (ASC) section 958-205 *Not-for-Profit Entities, Presentation of Financial Statements* establishes standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into three net asset categories according to externally (donor) imposed restrictions. ASC section 958-605 *Not-for-Profit Entities, Revenue Recognition* requires that unconditional promises to give (pledges) be recorded as receivables and revenues and requires the organization to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions.

Unrestricted Net Assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Assets – Net assets subject to donor-imposed stipulations that may or will be met either by actions of Food Bank of Northeast Louisiana, Inc. and/or passage of time.

Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by Food Bank of Northeast Louisiana, Inc. Generally, the donors of these assets permit Food Bank of Northeast Louisiana, Inc. to use all of, or part of, the income earned on the related investments for general or specific purposes. As of December 31, 2016 and 2015, there were no permanently restricted net assets.

FOOD BANK OF NORTHEAST LOUISIANA, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

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.

Grants Receivable

Grants receivable represent amounts that have been expensed for grant purposes and are to be reimbursed in full by the grantor and have been promised 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.

Grant income is deferred until the revenue is received. Unreimbursed expenses are recorded as income and as grants receivable when requests for reimbursement are submitted to the grants.

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.

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

FOOD BANK OF NORTHEAST LOUISIANA, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

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

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 - **Cash and Cash Equivalents**

Food Bank of Northeast Louisiana, Inc. maintains its cash balances in two local financial institutions. The bank balances of \$580,127 are covered by Federal Deposit Insurance Corporation up to \$250,000 at each bank, but the Food Bank of Northeast Louisiana has \$242,630 of its bank balance that exceed the Federal Deposit Insurance Corporation's limits. Total cash on hand at December 31, 2016 and 2015 was \$559,702 and \$405,466, respectively.

Food Bank of Northeast Louisiana, Inc. also has three certificates of deposit. The certificates of deposits had a fair value of \$351,276 and \$350,418 at December 31, 2016 and 2015, respectively and were not considered cash equivalents. All of the certificates of deposit are covered by FDIC insurance.

Note 3 - **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 organization engage in activities unrelated to its exempt purpose, taxable income could result. The organization had no material unrelated business income for the years ended December 31, 2016 and 2015. The earliest income tax year that is subject to examination is 2013.

Note 4 - **Property and Equipment**

A summary of land, buildings, equipment and accumulated depreciation at December 31, 2016 and 2015 is as follows:

	<u>2016</u>	<u>2015</u>
Office Equipment	\$ 38,254	\$ 38,254
Warehouse Equipment	116,576	63,505
Vehicles	323,384	387,991
Leasehold Improvements	442,833	403,952
Accumulated Depreciation	<u>(485,013)</u>	<u>(484,680)</u>
Net Property and Equipment	<u>\$ 436,034</u>	<u>\$ 409,022</u>

FOOD BANK OF NORTHEAST LOUISIANA, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

Note 4 - Property and Equipment (continued)

Depreciation expense for the years ended December 31, 2016 and 2015 was \$64,953 and \$69,635, respectively.

Note 5 - Temporarily Restricted Net Assets

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

Periods after December 31,	<u>2016</u>	<u>2015</u>
USDA Reimbursements	\$ 16,228	\$ 7,098
United Way of Northeast Louisiana	<u>49,000</u>	<u>46,032</u>
Total Temporarily Restricted Assets	<u>\$ 65,228</u>	<u>\$ 53,130</u>

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

	<u>2016</u>	<u>2015</u>
Time Restrictions Expired:		
United Way of Northeast Louisiana	\$ 104,048	\$ 114,570
Purpose Restrictions Fulfilled:		
Contributions – Back Pack Program	35,505	22,565
Contributions – SNAP	57,435	38,812
Contributions – Disaster	75,815	0
USDA Reimbursements	143,888	124,005
Grants	135,306	48,855
Senior	<u>0</u>	<u>5,115</u>
Total Restriction Released	<u>\$ 551,997</u>	<u>\$ 353,922</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.

Note 6 - Promises to Give

Unconditional promises to give consist of the following:

	<u>2016</u>	<u>2015</u>
United Way of Northeast Louisiana	\$ 49,000	\$ 46,032

Note 7 - Food Distributions

During 2016, the Food Bank distributed 3,044,976 pounds of food to the community valued at \$1.67 per pound, totaling \$5,084,976. The Food Bank also distributed 1,899,025 pounds of commodities through USDA valued at fair market values established by USDA and totaled \$1,664,013.

During 2015, the Food Bank distributed 2,823,313 pounds of food to the community valued at \$1.70 per pound, totaling \$4,799,632. The Food Bank also

FOOD BANK OF NORTHEAST LOUISIANA, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

Note 7 - **Food Distributions (continued)**

distributed 1,385,842 pounds of commodities through USDA valued at fair market values established by USDA and totaled \$706,779. This resulted in a net distribution of \$6,748,989 and \$5,506,411, for the years ended December 31, 2016 and 2015, calculated as follows:

	<u>2016</u>	<u>2015</u>
Distribution	\$ 6,748,989	\$ 5,506,411
Less: Shared Maintenance & Handling Fees	<u>(84,809)</u>	<u>(119,352)</u>
Net Distribution	<u>\$ 6,664,180</u>	<u>\$ 5,387,059</u>

Note 8 - **Commodity Inventory**

The Food Bank receives commodities from two primary sources and various unsolicited donations. During 2016 and 2015 approximately 5,242,160 pounds and 3,962,956 pounds of commodities were received, respectively, from the following sources:

	<u>2016</u>	<u>2015</u>
USDA	2,236,716	1,403,997
Donated Food	2,747,137	2,422,789
Purchased Food	<u>258,307</u>	<u>136,170</u>
Total	<u>5,242,160</u>	<u>3,962,956</u>

As of December 31, 2016 and 2015, the Food Bank had approximately 901,119 pounds and 455,130 pounds of food on hand valued at \$1.67 and \$1.70 per pound and the commodities through USDA market values, totaling \$895,803 and \$583,951 respectively.

Note 9 - **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.

Note 10 - **Commitments and Contingencies**

Economic Dependence

The Organization receives a substantial amount of its support from federal and state government grants 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.

FOOD BANK OF NORTHEAST LOUISIANA, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

Note 11 - **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 12 - **Restatement of Net Position**

During the year ended December 31, 2016, the Food Bank began recording donated inventory. The Food Bank took a physical count as of December 31, 2015 to establish a starting point for the 2016 year. Consequently, the beginning net position was restated to reflect the proper beginning inventory amount.

Net Position at December 31, 2015	\$ 1,209,808
Restatement due to Beginning Inventory	<u>583,950</u>
Net Position at December 31, 2015 (Restated)	<u>\$ 1,793,758</u>

Note 13 - **Subsequent Events**

Subsequent events have been evaluated through June 29, 2017, 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

104 Regency Place

West Monroe, Louisiana 71291

Mailing Address:

P. O. Box 2474

West Monroe, LA 71294-2474

Phone (318) 323-1717

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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 December 31, 2016 and 2015, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 29, 2017.

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.

Board of Trustees of
Food Bank of Northeast Louisiana, Inc.
Page 2

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
June 29, 2017

CAMERON, HINES & COMPANY

(A Professional Accounting Corporation)

Certified Public Accountants

104 Regency Place

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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 December 31, 2016 and 2015. 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 audits provide a reasonable basis for our opinion on compliance for each major federal program. However, our audits do 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 years ended December 31, 2016 and 2015.

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
June 29, 2017

FOOD BANK OF NORTHEAST LOUISIANA, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2016

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 December 31, 2016, and have issued our report thereon dated June 29, 2017. 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 December 31, 2016, 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 Assistance Program
(Food Commodities)

CFDA Number(s) 10.569

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 DECEMBER 31, 2016 (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 DECEMBER 31, 2016

<u>Federal Grants/Pass Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Agency or Pass-Through Number</u>	<u>Expenditures</u>
U.S. Department of Agriculture:			
Pass-through program from State Department of Agriculture and Forestry Food Distribution	10.568	N/A	\$153,018
Pass-through program from State Department of Agriculture and Forestry Reimbursement	10.569	N/A	<u>1,948,927*</u>
 <u>TOTAL</u>			 <u>\$ 2,101,945</u>

* 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 DECEMBER 31, 2016

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 December 31, 2016, the organization had food commodities totaling \$284,721 in inventory.

FOOD BANK OF NORTHEAST LOUISIANA, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2016

Internal Control and Compliance Material to the Financial Statements

This section is not applicable.

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
DECEMBER 31, 2016

Agency Head	Jean Toth
Title	<u>Executive Director</u>
Purpose	
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.