
THE GREATER BATON ROUGE FOOD BANK

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2021

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
The Greater Baton Rouge Food Bank
Baton Rouge, Louisiana

Opinion

We have audited the accompanying consolidated financial statements of The Greater Baton Rouge Food Bank (a not-for-profit Organization) which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, and the related consolidated statements of activities and changes in net assets, functional expenses by nature and class, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Greater Baton Rouge Food Bank as of December 31, 2021 and 2020, and the respective 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.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of The Greater Baton Rouge Food Bank and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Greater Baton Rouge Food Bank's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Greater Baton Rouge Food Bank's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Greater Baton Rouge Food Bank's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



Report on Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The schedule of compensation, benefits and other payments to Chief Executive Officer included on page 26 is presented for purpose of additional analysis and is not a required part of the basic consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

Other Reports Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report, dated June 27, 2022, on our consideration of the Organization's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Postlethwaite & Netterville

Baton Rouge, Louisiana
June 29, 2022

THE GREATER BATON ROUGE FOOD BANK
(A NOT-FOR-PROFIT ORGANIZATION)
BATON ROUGE, LOUISIANA

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020

ASSETS

	2021	2020
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$ 1,354,850	\$ 7,421,059
Cash and cash equivalents - Mission Support	10,002,000	-
Restricted cash	1,906,340	2,747,847
Total cash	13,263,190	10,168,906
Other receivables	95,419	491,031
Grant receivable - FEMA (footnote 15)	56,188	183,692
Unconditional promises to give, net	144,562	1,784,275
Promise to give - United Way	30,000	30,000
Food inventory - donated and purchased	3,125,492	1,394,986
Food inventory - commodities	1,566,069	1,357,782
Prepaid expenses	163,806	156,627
Total current assets	18,444,726	15,567,299
<u>PROPERTY AND EQUIPMENT</u>		
Land	500,000	500,000
Building and building improvements	13,255,850	12,779,590
Vehicles	347,049	328,681
Furniture, fixtures, and equipment	2,610,911	2,469,171
Leased equipment	643,801	643,801
	17,357,611	16,721,243
Less: Accumulated depreciation	(5,869,495)	(5,008,985)
Total property and equipment, net	11,488,116	11,712,258
<u>OTHER ASSETS</u>		
Investments (footnote 13)	2,589,459	2,143,597
Long-term portion of unconditional promises to give	136,348	133,341
Total other assets	2,725,807	2,276,938
Total assets	\$ 32,658,649	\$ 29,556,495

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

LIABILITIES AND NET ASSETS

	2021	2020
<u>CURRENT LIABILITIES</u>		
Accounts payable	\$ 337,371	\$ 318,240
Accrued expenses and other liabilities	199,218	191,401
Accrued interest payable	1,853	3,063
Note payable - current portion	188,850	185,535
Lease obligation - current portion	97,937	94,103
Total current liabilities	825,229	792,342
 <u>LONG-TERM LIABILITIES</u>		
Note payable - less current portion	702,660	874,866
Lease obligation - less current portion	138,202	236,139
Total long-term liabilities	840,862	1,111,005
Total liabilities	1,666,091	1,903,347
 <u>NET ASSETS</u>		
Without donor restrictions:		
Programming and general operations	17,634,211	13,682,275
Board designated	10,002,000	10,000,000
Total net assets without donor restrictions	27,636,211	23,682,275
With donor restriction	3,356,347	3,970,873
Total net assets	30,992,558	27,653,148
Total liabilities and net assets	\$ 32,658,649	\$ 29,556,495

THE GREATER BATON ROUGE FOOD BANK
(A NOT-FOR-PROFIT ORGANIZATION)
BATON ROUGE, LOUISIANA

CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
<u>REVENUES AND OTHER SUPPORT</u>			
Contributions	\$ 5,930,755	\$ 905,292	\$ 6,836,047
United Way	38,896	60,000	98,896
Emergency Food and Shelter Grant (FEMA)	54,830	-	54,830
Donated services and gifts in kind	68,098	-	68,098
Grant revenues - other	90,454	1,342,479	1,432,933
Local government support	55,810	-	55,810
SNAP Outreach	20,068	-	20,068
SNAP Ed	132,112	-	132,112
USDA commodities reimbursements	699,739	-	699,739
Investment income (loss), net	441,501	-	441,501
Food donations received	21,425,246	-	21,425,246
Purchased food program	53,165	-	53,165
Commodities received	5,585,937	-	5,585,937
Paycheck Protection Program	-	-	-
Other	234,382	25,000	259,382
Total revenues and other support	<u>34,830,993</u>	<u>2,332,771</u>	<u>37,163,764</u>
Net assets released from restrictions			
Satisfaction of restrictions	2,947,297	(2,947,297)	-
Total revenues	<u>37,778,290</u>	<u>(614,526)</u>	<u>37,163,764</u>
<u>EXPENSES</u>			
Program - food distribution	31,741,117	-	31,741,117
Supporting services			
Management and general	899,101	-	899,101
Fundraising	1,184,136	-	1,184,136
Total supporting services	<u>2,083,237</u>	<u>-</u>	<u>2,083,237</u>
Total expenses	<u>33,824,354</u>	<u>-</u>	<u>33,824,354</u>
<u>CHANGE IN NET ASSETS</u>	3,953,936	(614,526)	3,339,410
Net assets - beginning of period	<u>23,682,275</u>	<u>3,970,873</u>	<u>27,653,148</u>
Net assets - end of period	<u>\$ 27,636,211</u>	<u>\$ 3,356,347</u>	<u>\$ 30,992,558</u>

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

2020

	Without Donor Restrictions	With Donor Restrictions	Total
\$	9,111,584	\$ 2,648,157	\$ 11,759,741
	33,357	60,000	93,357
	129,984	-	129,984
	43,250	-	43,250
	226,924	2,403,944	2,630,868
	52,810	-	52,810
	13,182	-	13,182
	87,638	-	87,638
	1,451,149	-	1,451,149
	185,393	-	185,393
	13,689,203	-	13,689,203
	48,942	-	48,942
	8,786,055	-	8,786,055
	427,655	-	427,655
	46,785	-	46,785
	<u>34,333,911</u>	<u>5,112,101</u>	<u>39,446,012</u>
	2,642,439	(2,642,439)	-
	<u>36,976,350</u>	<u>2,469,662</u>	<u>39,446,012</u>
	26,216,188	-	26,216,188
	720,728	-	720,728
	<u>1,150,039</u>	<u>-</u>	<u>1,150,039</u>
	<u>1,870,767</u>	<u>-</u>	<u>1,870,767</u>
	<u>28,086,955</u>	<u>-</u>	<u>28,086,955</u>
	8,889,395	2,469,662	11,359,057
	<u>14,792,880</u>	<u>1,501,211</u>	<u>16,294,091</u>
\$	<u>23,682,275</u>	<u>\$ 3,970,873</u>	<u>\$ 27,653,148</u>

THE GREATER BATON ROUGE FOOD BANK
(A NOT-FOR-PROFIT ORGANIZATION)
BATON ROUGE, LOUISIANA

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES BY NATURE AND CLASS
YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021			
	Program Expense - Food Distribution	Supporting Services		Total
		Management and General	Fundraising	
Accounting and professional fees	\$ -	\$ 50,694	\$ 50,694	\$ 101,388
Advertising	-	-	6,354	6,354
Bad debt	-	127,504	-	127,504
Computer upgrade	73,526	65,123	71,425	210,074
Conferences	640	56,876	6,391	63,907
Contract labor	99,764	16,241	-	116,005
Depreciation (footnote 16)	808,880	25,815	25,815	860,510
Direct mail expense	-	-	369,633	369,633
Distribution of commodities	5,377,650	-	-	5,377,650
Distribution of food	22,096,601	-	-	22,096,601
Dues	8,529	10,597	6,720	25,846
Food purchases with FEMA revenue	54,830	-	-	54,830
Fuel and mileage	87,683	886	-	88,569
Gain/loss on disposal	-	-	-	-
In-kind expense	2,888	27,434	5,776	36,098
Insurance	157,328	50,965	13,295	221,588
Interest expense	44,891	935	935	46,761
Bank fees	-	73,087	-	73,087
Equipment	142,043	2,990	4,486	149,519
Miscellaneous expense	51,945	4,617	1,154	57,716
Payroll taxes	119,344	22,164	28,983	170,491
Postage	1,030	4,807	28,500	34,337
Printing and publication	4,491	898	84,426	89,815
Repairs and maintenance	206,045	4,293	4,293	214,631
Rentals	126,503	-	-	126,503
Retirement and employee benefits	213,955	35,659	47,546	297,160
Salaries	1,590,188	291,161	358,352	2,239,701
Service contracts	-	5,794	24,703	30,497
Special event expense	-	-	-	-
Supplies	240,074	2,610	18,267	260,951
Telephone	24,661	4,228	6,341	35,230
Transportation	100,205	-	-	100,205
Rent and utilities	73,783	12,649	18,973	105,405
Waste disposal	33,640	1,074	1,074	35,788
	<u>\$ 31,741,117</u>	<u>\$ 899,101</u>	<u>\$ 1,184,136</u>	<u>\$ 33,824,354</u>

The accompanying notes are an integral part of these statements.

2020				
Program Expense - Food Distribution	Supporting Services			Total
	Management and General	Fundraising		
\$ 2,282	\$ 49,060	\$ 62,751	\$ 114,093	
-	-	38,012	38,012	
-	-	-	-	
69,390	65,741	47,479	182,610	
6,781	57,631	3,390	67,802	
110,634	15,086	-	125,720	
710,559	22,677	22,677	755,913	
-	-	337,300	337,300	
7,941,022	-	-	7,941,022	
14,639,317	-	-	14,639,317	
3,167	3,294	6,207	12,668	
129,984	-	-	129,984	
61,220	679	292	62,191	
4,027	128	128	4,283	
-	35,032	8,218	43,250	
124,032	40,180	10,482	174,694	
58,076	1,853	1,853	61,782	
-	78,282	-	78,282	
24,052	2,079	3,563	29,694	
37,951	4,739	1,040	43,730	
112,377	21,171	29,316	162,864	
1,331	5,317	26,591	33,239	
2,941	490	45,587	49,018	
163,194	2,614	2,614	168,422	
99,103	-	-	99,103	
161,495	15,486	44,245	221,226	
1,463,606	275,752	381,810	2,121,168	
345	6,905	27,275	34,525	
-	-	3,824	3,824	
156,512	3,683	23,937	184,132	
24,044	3,778	6,526	34,348	
25,513	-	-	25,513	
51,210	8,048	13,900	73,158	
32,023	1,023	1,022	34,068	
<u>\$ 26,216,188</u>	<u>\$ 720,728</u>	<u>\$ 1,150,039</u>	<u>\$ 28,086,955</u>	

THE GREATER BATON ROUGE FOOD BANK
(A NOT-FOR-PROFIT ORGANIZATION)
BATON ROUGE, LOUISIANA

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ 3,339,410	\$ 11,359,057
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Bad debt expense	127,504	-
Endowment contributions	(258,910)	(206,978)
Depreciation	860,510	755,913
Unrealized appreciation of investments	(348,215)	(136,992)
Food inventory - donated and purchased, net	(1,730,506)	(338,859)
Net change in:		
Other receivables	395,612	(321,910)
Grant receivable- FEMA	-	79,563
Unconditional promises to give	1,636,706	(1,867,986)
Prepaid expenses	(7,179)	(119,388)
Food inventory - commodities	(208,287)	(845,033)
Accrued interest payable	(1,210)	(522)
Accounts payable	19,131	100,683
Accrued expenses and other liabilities	7,817	68,980
Other current assets	-	34,221
Net cash provided by operating activities	<u>3,832,383</u>	<u>8,560,749</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Property and equipment purchases	(636,368)	(1,472,265)
Purchase of investments	(97,647)	(34,004)
Net cash used in investing activities	<u>(734,015)</u>	<u>(1,506,269)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Endowment contributions	258,910	206,978
Principal payments on notes payable	(168,891)	(180,797)
Principal payments on capital lease obligations	(94,103)	(90,419)
Net cash used in financing activities	<u>(4,084)</u>	<u>(64,238)</u>
Net change in cash and cash equivalents	3,094,284	6,990,242
Cash and cash equivalents at beginning of year	<u>10,168,906</u>	<u>3,178,664</u>
Cash and cash equivalents at end of year	<u>\$ 13,263,190</u>	<u>\$ 10,168,906</u>
<u>Supplemental disclosure:</u>		
Interest paid	<u>\$ 47,971</u>	<u>\$ 62,304</u>

The accompanying notes are an integral part of these statements.

THE GREATER BATON ROUGE FOOD BANK
(A NOT-FOR-PROFIT ORGANIZATION)
BATON ROUGE, LOUISIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Greater Baton Rouge Food Bank (the Food Bank or the Organization) is a not-for-profit organization that gathers, stores, and redistributes food to charitable organizations and churches that serve the needy. Food sources include donations from individuals, corporations, and the U.S. Department of Agriculture (USDA) Commodities program. The Food Bank also receives food from the Federal Emergency Management Agency (FEMA) during times of natural disasters and global pandemics.

On November 29, 2021, the Food Bank formed a new entity known as GBRFB Mission Support (Mission Support). The GBRFB Mission Support exists to support and further the mission and purposes of The Greater Baton Rouge Food Bank, Inc. The Greater Baton Rouge Food Bank, Inc. exists to service emergency, short term, and on-going unmet food needs of individuals in its service area through existing social service providers, congregations and other organizations. This mission is accomplished by supporting or providing services, such as food collection and distribution and education programs. Mission Support holds cash and cash equivalents of \$10,002,000 and had no other activity for the year ended December 31, 2021.

Consolidation

The consolidated financial statements of the Food Bank include the accounts of Mission Support and the Greater Baton Rouge Food Bank, Inc. for which the Food Bank is the sole member. All significant intercompany accounts and transactions have been eliminated in consolidation.

Basis of Presentation

The consolidated financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). The Food Bank is required to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Food Bank. These net assets may be used at the discretion of the Food Bank's management and board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Food Bank or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the consolidated statement of activities.

THE GREATER BATON ROUGE FOOD BANK
(A NOT-FOR-PROFIT ORGANIZATION)
BATON ROUGE, LOUISIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

The preparation of consolidated 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates. Significant estimates have been applied in the determination of donated food values and depreciation in the preparation of the accompanying consolidated financial statements.

Property and Equipment

Property and equipment are stated at cost. Additions, renewals, and betterments that extend the useful life of the assets are capitalized. Maintenance and repair expenditures are expensed as incurred. Provisions for depreciation and amortization are computed using the straight-line method over the assets' useful lives, which range from 3 to 39 years.

For the year ended December 31, 2020, the Organization changed its accounting policy for depreciating property and equipment. Prior to January 1, 2020, the Organization calculated depreciation of property and equipment using accelerated methods. Effective January 1, 2020, the Organization changed its method of depreciation for all property and equipment assets from the accelerated method to the straight-line method. Management deemed the change preferable because the straight-line method will more accurately reflect the pattern of usage and the expected benefits of the assets. The change was accounted for as a change in accounting estimate and the entire effect of the change was accounted for prospectively in the financial statements for the year ended December 31, 2020.

Revenue Recognition and Promises to Give

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions.

Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

Grants receive the same accounting treatment as contributions if the grant activity is to be planned and carried out by the Organization and the Organization has the right to the benefits of carrying out the activity.

Management has evaluated Promises to Give and has determined that an allowance of \$5,000 is necessary for both years ending December 31, 2021 and 2020.

THE GREATER BATON ROUGE FOOD BANK
(A NOT-FOR-PROFIT ORGANIZATION)
BATON ROUGE, LOUISIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes

The Organization has been recognized by the Internal Revenue Service as a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes. The Organization had unrelated business taxable income of \$26,000 and \$31,200 related to rental income for the years ended December 31, 2021 and 2020, respectively. The Organization filed Form 990T in relation to this business income, however, no material amount of income tax was paid due to the related expenses that were deductible from the income. Accordingly, no provision for income taxes on related income has been included in the consolidated financial statements for December 31, 2021 or 2020. In Management's judgment, the Food Bank does not have any tax positions that would result in a loss contingency considering the facts, circumstances, and information available at the reporting date.

Food Inventory - Donated and Purchased

Food inventory, predominately donated, including food received, distributed and undistributed, is valued using the estimated fair value as determined by the Feeding America Product Valuation Survey prepared on an annual basis. The report, which is one year in arrears, provides the average wholesale value of products donated to the network and is considered to be a reasonable basis upon which to estimate these amounts. Feeding America Product Valuation Survey prepared by RSM US LLP for the average wholesale value of \$1.79 at December 31, 2020 and prepared by KPMG, LLP for the average wholesale value of \$1.74 for the year ended December 31, 2019. Due to the current economic conditions and the impact of inflation to the cost of food, management concluded that a one-time adjustment to the December 31, 2020 Feeding America valuation was deemed necessary for the year ended December 31, 2021. The adjustment was determined utilizing the May 2022 Consumer price index for Food and its unadjusted twelve-month percent change of 10%. The fair value used for the years ended December 31, 2021 and 2020, was \$1.97 and \$1.74, respectively.

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a global pandemic. In response to the pandemic, the government implemented the Coronavirus Food Assistance Program (CFAP) which involved creating boxes that included both donated food and USDA product and distributing the boxes to the surrounding parishes of Louisiana to assist those in need. The boxes varied based on the food in inventory each day. The CFAP boxes are valued using the estimated fair value as determined by Feeding America Product Valuation Survey, which is one year in arrears, prepared by RSM US LLP for the average wholesale value excluding non-food items of \$1.70 at December 31, 2020 and prepared by KPMG, LLP for the average wholesale value excluding non-food items of \$1.49 for the year ended December 31, 2019. Due to the current economic conditions and the impact of inflation to the cost of food, management concluded that a one-time adjustment to the December 31, 2020 Feeding America valuation was deemed necessary for the year ended December 31, 2021. The adjustment was determined utilizing the May 2022 Consumer price index for Food and its unadjusted twelve-month percent change of 10%. The fair value used for the years ended December 31, 2021 and 2020, was \$1.87 and \$1.49, respectively. There were approximately 2,316,000 and 2,317,000 pounds distributed as part of this program during 2021 and 2020, respectively.

THE GREATER BATON ROUGE FOOD BANK
(A NOT-FOR-PROFIT ORGANIZATION)
BATON ROUGE, LOUISIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Food Inventory - Commodities

The Food Bank records commodities inventory as determined by the commodities price listing produced by the Louisiana Department of Agriculture and Forestry. Commodities inventory received is recorded as net assets without donor restrictions at an amount equal to the determined value in accordance with the aforementioned guidelines. During the years ended December 31, 2021 and 2020, the food product prices averaged \$1.05 per pound and \$1.03 per pound, respectively.

Investments

Investments are carried at net asset value (NAV) of units held by the Food Bank at year end. The change in fair value is recognized as a component of investment income.

Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and highly liquid investments with original maturities of less than three months. Restricted cash represents amounts held by the Organization with donor-imposed restrictions.

Other Receivables

The Food Bank determines past-due accounts based on contractual terms and does not charge interest on the accounts. Receivables consist primarily of amounts due from various grants. The Food Bank charges off receivables if management considers the collection of the outstanding balance to be doubtful. Management does not believe an allowance is necessary at December 31, 2021 or 2020.

Donated Services and Materials

A significant portion of the Food Bank's functions are conducted by unpaid volunteers. The value of the contributed time is not reflected in the consolidated financial statements since the services do not meet the criteria for recognition under accounting principles generally accepted in the United States of America.

Donated materials and supplies are reflected as donated services and gifts in kind on the accompanying consolidated statement of activities and changes in net assets at their estimated fair market values at the date of receipt. Various materials were donated to the Food Bank to help aid in their mission. These materials and supplies were valued at approximately \$68,098 and \$43,250 for the years ended December 31, 2021 and 2020, respectively. The amount at December 31, 2021 and 2020 consisted mainly of donated professional services of \$32,450 and \$43,250, respectively.

Accounting pronouncements issued but not yet adopted

In February 2016, the FASB issued ASU 2016-02, *Leases*. This accounting standard requires lessees to recognize assets and liabilities related to lease arrangements longer than 12 months on the balance sheet as well as additional disclosures. The updated guidance is effective for annual periods beginning after December 15, 2021.

THE GREATER BATON ROUGE FOOD BANK
(A NOT-FOR-PROFIT ORGANIZATION)
BATON ROUGE, LOUISIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounting pronouncements issued but not yet adopted (continued)

On September 17, 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958), Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU requires nonprofits to change their financial statement presentation and disclosure of contributed nonfinancial assets, or gifts-in-kind. The FASB issued the update in an effort to improve transparency in reporting nonprofit gifts-in-kind. The ASU requires the new standard to be applied retrospectively, with amendments taking effect for the Organization's fiscal year ending December 31, 2022.

The Food Bank is currently assessing the impact of these pronouncements on its consolidated financial statements.

3. AVAILABILITY AND LIQUIDITY

The following represents the Food Bank's financial assets at December 31, 2021 and 2020:

Financial assets at year end:	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 13,263,190	\$ 10,168,906
Other receivables	95,419	491,031
Unconditional promises to give, net	144,562	1,784,275
Promise to give - United Way	30,000	30,000
Investments	<u>2,589,459</u>	<u>2,143,597</u>
Total financial assets	16,122,630	14,617,809
Less amounts not available to be used within one year:		
Endowment fund - donor restricted	1,299,685	1,241,807
Financial assets available to meet general		
expenditures over the next twelve months	<u>\$ 14,822,945</u>	<u>\$ 13,376,002</u>

The Food Bank's cash flows have seasonal variations during the year attributable to a concentration of contributions received during holidays and at calendar year-end. To manage liquidity, the Food Bank maintains certain cash and cash equivalents, as noted above, that could meet any operating cash flow needs for an extended period as well as any major maintenance and repairs needed on their facility. The cash and cash equivalents balance does include approximately \$10,000,000 of board designated funds for the years ended December 31, 2021 and 2020, respectively.

THE GREATER BATON ROUGE FOOD BANK
(A NOT-FOR-PROFIT ORGANIZATION)
BATON ROUGE, LOUISIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4. NET ASSETS

Net assets with donor restrictions were as follows at December 31:

	<u>2021</u>	<u>2020</u>
Specific Purpose		
Bucks for Trucks Program	\$ 11,563	\$ 63,734
Back Pack Program	24,399	46,273
Estate of Elizabeth Ferro – Garden	12,500	15,000
Senior Grocery	85,746	68,356
Mobile Pantry	336,947	488,849
Feeding America Strategic Capacity Building Services	232,270	-
Food Purchases	938,926	1,783,823
Farm Fresh	17,842	37,479
Other	12,956	43,071
	<u>1,673,149</u>	<u>2,546,585</u>
Endowment Fund		
Endowment Fund (principal unexpendable; earnings can be used for general mission statement of Food Bank)	<u>1,683,198</u>	<u>1,424,288</u>
Total net assets with donor restrictions	<u>\$ 3,356,347</u>	<u>\$ 3,970,873</u>

Net assets were released from restrictions by incurring expenses satisfying the restricted purposes or by occurrences of other events specified by the donors of the various programs. The primary funds released from net assets with donor restrictions during the year ended December 31, 2021 were program food expenditures of \$539,432, Hurricane Ida relief food expenditures of \$886,454, Covid-19 food expenditures of \$1,416,947 and non-food related expenditures of \$104,464. The primary funds released from net assets with donor restrictions during the year ended December 31, 2020 were program and Covid-19 food expenditures of \$1,042,629 and Covid-19 non-food related expenditures of \$922,430.

Net assets without donor restrictions for the years ended December 31, 2021 and 2020, were comprised of undesignated and Board designated amounts:

	<u>2021</u>	<u>2020</u>
Undesignated:		
Programming and general operations	\$ 16,347,461	\$ 12,780,485
Accumulated earnings on endowed net assets	1,289,744	901,790
Board designated	<u>10,002,000</u>	<u>10,000,000</u>
	<u>\$ 27,639,205</u>	<u>\$ 23,682,275</u>

The Board of Directors authorized the establishment of designated funds for an investment portfolio with the objective to seek growth of income and capital appreciation consistent with long term objectives to meet future obligations of The Food Bank. The investments will be held by GBRFB Mission Support and the purpose of the investments will be to provide financial stability and resources for growth. Such investments will be available for future cash-flow shortfalls and major capital expenditures as well as unforeseen contingencies.

THE GREATER BATON ROUGE FOOD BANK
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4. USDA COMMODITIES

The Food Bank participated in the USDA Commodities program during the years ended December 31, 2021 and 2020. The objective of the program is to provide U.S. Department of Agriculture (USDA) donated commodities to low-income households through eligible organizations for home consumption. Commodities received are recorded in the accompanying consolidated financial statements as unrestricted revenue at their estimated fair value.

Activity of commodities is summarized as follows:

	<u>2021</u>	<u>2020</u>
Commodity inventory at beginning of year	\$ 1,357,782	\$ 512,749
Food commodities received	5,585,937	8,786,055
Distributed, discarded, and adjustment	<u>(5,377,650)</u>	<u>(7,941,022)</u>
Commodity inventory at end of year	<u>\$ 1,566,069</u>	<u>\$ 1,357,782</u>

5. NOTES PAYABLE

On May 25, 2021, the Food Bank signed a promissory note to refinance the debt that was due August 5, 2021. The new terms and payments commenced on July 5, 2021. The Food Bank applied Accounting Standards Update (ASU), *Debt (Topic 470): Classification of Debt in a Classified Balance Sheet* to this transaction. The standard allows an entity to classify what would otherwise be current debt as noncurrent debt when that debt has been refinanced on a long-term basis after year end, but before the consolidated financial statements are issued. Therefore, the consolidated financial statements include the classification of debt under the terms of the refinanced debt agreement as of December 31, 2020.

A summary of long-term debt as of December 31st is as follows:

	<u>2021</u>	<u>2020</u>
Loan with Bancorp South; 180 monthly payments of \$18,967 at 4% interest; balloon payment in the amount of \$950,075 due August 5, 2021; secured by the building	\$ -	\$ 77,766
Loan with Bancorp South: 60 monthly payments of \$17,580 at 2.75% interest; due June 5, 2026; secured by the building	<u>891,510</u>	<u>982,635</u>
Subtotal	891,510	1,060,401
Less: current portion	<u>(188,850)</u>	<u>(185,535)</u>
Long term debt- net of maturities	<u>\$ 702,660</u>	<u>\$ 874,866</u>

THE GREATER BATON ROUGE FOOD BANK
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BATON ROUGE, LOUISIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

5. **NOTES PAYABLE** (continued)

The note is expected to mature as follows:

<u>Year ending December 31st</u>	<u>Amount</u>
2022	\$ 188,850
2023	193,837
2024	199,274
2025	204,938
2026	<u>104,611</u>
	<u>\$ 891,510</u>

6. **PAYCHECK PROTECTION PROGRAM**

In April 2020, the Organization received a loan in the amount of \$427,655 under the Payroll Protection Program (PPP Loan). The Organization met the PPP's eligibility criteria and, therefore, accounted for the PPP Loan in accordance with FASB ASC 958-605 as a conditional contribution in the accompanying consolidated financial statements for the year ended December 31, 2020.

7. **VEHICLE LEASES**

The Food Bank leases delivery trucks for food distribution.

Operating Leases

An operating lease was entered into in April 2016 for a tractor trailer, but the truck was not put into service until October 2016. The tractor had a term of 54 months with a fixed monthly charge of \$1,656 through August of 2021 when the lease expired and converted to month-to-month lease payments of \$1,755 per month. The trailer has a term of 114 months with a fixed monthly charge of \$1,126. Rental expense for the leases which includes the fixed monthly charge plus mileage was \$43,631 and \$42,081 for the years ended December 31, 2021 and 2020, respectively.

Capital Leases

On January 3, 2017, the Food Bank entered into five capital lease agreements each with a term of 84 months. The trucks were put into service on dates ranging from May 2017 to July 2017. The leases are to be paid in monthly installments ranging from \$1,740 to \$1,840 per month. The total lease obligation and cost included in fixed assets for the capital leases was \$643,801 at both December 31, 2021 and 2020. Lease obligation principal payments totaled \$94,103 and \$90,419 for the years ended December 31, 2021 and 2020, respectively. Accumulated depreciation for these assets was \$442,697 and \$326,237 as of December 31, 2021 and 2020, respectively.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

8. VEHICLE LEASES

The future minimum lease payments required under these agreements are as follows:

2022	\$	105,600
2023		105,600
2024		<u>36,602</u>
		247,802
Less: interest		<u>(11,663)</u>
Total capital lease obligation		<u>\$ 236,139</u>

8. RETIREMENT PLAN

The Food Bank has a qualified Internal Revenue Code Section 403(b) annuity plan. The Plan covers all employees who have completed at least three months of service. The Food Bank is obligated to match up to 50% of an employee's deferred amount, up to 10% of their pay. The Food Bank has the option to match up to 100% in any one year. The Food Bank contributed \$43,218 and \$31,159 to this Plan during the years ended December 31, 2021 and 2020, respectively.

9. INVESTMENT INCOME

The Food Bank has cash in money market accounts and pooled separate accounts held by BRAF that pay interest. Investment income (loss) on investments was comprised of the following:

	<u>2021</u>	<u>2020</u>
Net unrealized (loss) gains on endowment fund	\$ 348,215	\$ 136,992
Dividend and interest	114,741	66,359
Investment fees	<u>(21,455)</u>	<u>(17,958)</u>
	<u>\$ 441,501</u>	<u>\$ 185,393</u>

10. FUNCTIONAL ALLOCATION OF EXPENSES BY NATURE AND CLASS

The costs of providing the various programs and activities have been summarized on a functional basis in the consolidated statements of activities and changes in net assets and functional expenses by nature and class. Accordingly, certain costs have been allocated by management among the programs and supporting services benefited. The method of allocation for depreciation, interest expense, waste disposal and other miscellaneous expenses including pest control and security is based on square footage. The method of allocation for insurance, retirement and employee benefits, supplies, telephone and utilities is based on full time equivalents.

11. COMMITMENTS AND CONTINGENCIES

The Food Bank is, from time to time, involved in lawsuits arising in the ordinary course of its business that, in the opinion of management, will not have a material effect on the Food Bank's results of operations.

THE GREATER BATON ROUGE FOOD BANK
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

12. PROMISES TO GIVE

Unconditional Promises to Give

During the prior year, there were various donors who made promises to give totaling \$1,983,733. The promises to give vary in amount and are payable over one to six years from 2020 through 2025. During 2019, many of the Board members made promises to give in response to the Wilson Challenge grant totaling \$65,205. These promises to give also varied in amount and will be paid over one to three years from 2019 through 2021. The total promises to give outstanding as of December 31, 2021 and 2020 is \$280,910 and \$1,917,616, respectively. The total amount paid by donors as of December 31, 2021 and 2020 was approximately \$1,800,000 and \$66,000, respectively.

Unconditional promises to give, other than United Way, at December 31, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Receivable in less than one year	\$ 144,562	\$ 1,784,275
Receivable in one to five years	<u>136,348</u>	<u>133,341</u>
Total unconditional promises to give	<u>\$ 280,910</u>	<u>\$ 1,917,616</u>

13. FAIR VALUE OF FINANCIAL INSTRUMENTS

Accounting principles generally accepted in the United States of America (GAAP) provides for a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

- Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the organization has the ability to access.
- Level 2 – Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement, determined using model-based techniques that include option pricing models, discounted cash flow models, and similar techniques.

The asset fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

13. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2021 and 2020.

Money market and pooled funds: Valued at the net asset value (NAV) of units held by the Food Bank at year end.

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

Fair Value of Assets Measured on a Recurring Basis

The following table presents, for each of the fair-value hierarchy levels, the Food Bank's financial assets that are measured at fair value on a recurring basis at December 31, 2021 and 2020.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Pooled Investments at December 31, 2021	\$ -	\$ 2,589,459	\$ -
Pooled Investments at December 31, 2020	\$ -	\$ 2,143,597	\$ -

14. ENDOWMENT NET ASSETS

The primary objective of the Food Bank's investment and spending policies for its endowed net assets is for the investment of donor contributions made in memory of individuals. These donations are used to meet the mission statement of the Food Bank. Its endowment includes donor-restricted endowment funds. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Food Bank has interpreted the Louisiana State Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. This Act was effective July 1, 2010.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

14. ENDOWMENT NET ASSETS (continued)

Upon implementation, the Food Bank classified as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Donations, to be used to meet the mission statement of the Food Bank, can be solicited for this fund. Interest, dividends, capital gains or other earnings of the Fund are to be utilized at the discretion of the Board of Directors, and in compliance with the policies and procedures of the Board designated holder of the endowment. This policy, with the exception of the inviolate nature of the endowment that may not be altered, may only be changed by a two-thirds majority vote of the elected, voting members of the Board of Directors. The corpus of the assets of this fund is considered to be permanently restricted.

Investments of the Endowment Fund consist solely of amounts invested in the Baton Rouge Area Foundation Investment Pool (BRAAF). To satisfy its long-term rate-of-return objectives, the Food Bank relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The carrying amount of the investments of \$2,589,459 and \$2,143,597 as of December 31, 2021 and 2020, respectively, are recorded at their fair value which is based on the net asset value of units held by the Food Bank of BRAAF's investment pool.

As of December 31, 2021 and 2020, all interest and dividend income and unrealized gains were classified as without donor restriction.

The endowment net asset composition by type of fund was as follows as of December 31, 2021 and 2020:

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Donor-Restricted Endowment as of December 31, 2021	<u>\$ 1,289,774</u>	<u>\$ 1,299,685</u>	<u>\$ 2,589,459</u>
Donor-Restricted Endowment as of December 31, 2020	<u>\$ 901,790</u>	<u>\$ 1,241,807</u>	<u>\$ 2,143,597</u>

THE GREATER BATON ROUGE FOOD BANK
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

14. ENDOWMENT NET ASSETS (continued)

Changes in endowment funds by net asset category were as follows for the year ended December 31, 2021:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, December 31, 2020	\$ 901,790	\$ 1,241,807	\$ 2,143,597
Contributions	-	57,878	57,878
Investment Return:			
Investment gain	61,224	-	61,224
Net appreciation	348,215	-	348,215
Investment expenses	<u>(21,455)</u>	<u>-</u>	<u>(21,455)</u>
 Endowment net assets, December 31, 2021	 <u>\$ 1,289,774</u>	 <u>\$ 1,299,685</u>	 <u>\$ 2,589,459</u>

Changes in endowment funds by net asset category were as follows for the year ended December 31, 2020:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, December 31, 2019	\$ 730,794	\$ 1,241,807	\$ 1,972,601
Investment Return:			
Investment gain	51,962	-	51,962
Net appreciation	136,992	-	136,992
Investment expenses	<u>(17,958)</u>	<u>-</u>	<u>(17,958)</u>
 Endowment net assets, December 31, 2020	 <u>\$ 901,790</u>	 <u>\$ 1,241,807</u>	 <u>\$ 2,143,597</u>

15. THE FLOOD AND INSURANCE PROCEEDS

Due to heavy rainfall and severe storms in Louisiana between August 12 and August 15, 2016, record flooding throughout East Baton Rouge Parish endangered the lives of Louisianans and inflicted heavy damage to public and private property, including The Food Bank. The Food Bank's building received flood water that reached four or more feet in height, damaging the building and destroying certain contents and fixed assets.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

15. THE FLOOD AND INSURANCE PROCEEDS (continued)

The Food Bank maintained a flood and inland marine policy and filed a claim for recovery of damages to its property and equipment. The Food Bank reached a settlement of damages to the building and equipment insured and received approximately \$0.7 million during the year ended December 31, 2016. The Governor of Louisiana requested a Presidential disaster declaration, which was declared (DR-4277) on August 14, 2016, authorizing the Federal Emergency Management Agency (FEMA) to activate the Public Assistance (PA) program. The Food Bank is seeking reimbursement for eligible recovery costs through the PA program for Emergency Protective Measures.

Under the Emergency Protective Measures PA program, the Food Bank submitted reimbursement requests to FEMA in the amount of \$1.6 million. As of December 31, 2018, the Food Bank has fully collected all they expect to receive from the Emergency Protective Measures PA program. In 2017, the Food Bank completed its extensive renovations to the facility. The Food Bank submitted its application for the Permanent Work Project Worksheets in the amount of \$1.2 million and has collected a total of \$1.0 million to date. During the year ended 2021, the Food Bank received notification of the final balance to be paid and recorded bad debt expense of \$127,504 related to costs that were ineligible for reimbursement. At December 31, 2021 and 2020, the Food Bank had a remaining receivable balance of approximately \$56,188 and \$183,692, respectively, on the consolidated statement of financial position related to the Permanent Work Project Worksheets approved by FEMA.

16. SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date that the financial statements consolidated were available to be issued, June 27, 2022, and determined that there were no events that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these consolidated financial statements.

SUPPLEMENTAL INFORMATION

GREATER BATON ROUGE FOOD BANK
(A NOT-FOR-PROFIT ORGANIZATION)
BATON ROUGE, LOUISIANA

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO
CHIEF EXECUTIVE OFFICER
YEAR ENDED DECEMBER 31, 2021

Chief Executive Officer: Michael G. Manning

Purpose	Amount
Salary, including incentive and bonus	\$ -
Benefits-insurance	-
Benefits-retirement	-
Deferred compensation	-
Benefits-other	-
Car allowance	-
Vehicle provided by government	-
Cell phone	-
Dues	-
Vehicle rental	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	-
Housing	-
Unvouchered expenses	-
Special meals	-
Other (including payments made by other parties on behalf of the agency head)	-
Total	\$ -

R.S. 24:513 (A) (3) requires reporting of the total compensation, reimbursements, and benefits paid to the agency head or chief executive officer. This law was further amended by Act 462 of the 2015 Regular Session which clarified that nongovernmental or not for profit local auditees are required to report only the compensation, reimbursements, and benefits paid to the agency head or chief executive officer paid from public funds.

This organization is not required to report the total compensation, reimbursements, and benefits paid to the chief executive officer as these costs are supported by private funds.

THE GREATER BATON ROUGE FOOD BANK

**REPORTS ON INTERNAL CONTROL AND ON
COMPLIANCE AND OTHER MATTERS**

DECEMBER 31, 2021

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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

The Board of Directors
The Greater Baton Rouge Food Bank
Baton Rouge, Louisiana

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 The Greater Baton Rouge Food Bank, which comprise the statement of financial position as of December 31, 2021, and the related statements of activities and changes in net assets, functional expenses by nature and class, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 27, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered The Greater Baton Rouge Food Bank's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Greater Baton Rouge Food Bank's internal control. Accordingly, we do not express an opinion on the effectiveness of The Greater Baton Rouge Food Bank's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purposes 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 or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Greater Baton Rouge Food Bank'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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Postlethwaite & Netterville

Baton Rouge, Louisiana
June 29, 2022

EXHIBIT B
Page 1 of 3

Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

The Board of Directors
The Greater Baton Rouge Food Bank
Baton Rouge, Louisiana

Report on Compliance for Major Federal Program

Opinion on Major Federal Program

We have audited The Greater Baton Rouge Food Bank's compliance with the types of compliance requirements identified as subject to audit in the described in the OMB *Compliance Supplement* that could have a direct and material effect on each of The Greater Baton Rouge Food Bank's major federal programs for the year ended December 31, 2021. The Greater Baton Rouge Food Bank's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, The Greater Baton Rouge Food Bank complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2021.

Basis of Opinion on Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of The Greater Baton Rouge Food Bank and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of The Greater Baton Rouge Food Bank's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts and grants applicable to The Greater Baton Rouge Food Bank's federal programs.

Auditors' Responsibility for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on The Greater Baton Rouge Food Bank's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about The Greater Baton Rouge Food Bank's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding The Greater Baton Rouge Food Bank's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of The Greater Baton Rouge Food Bank's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 The Greater Baton Rouge Food Bank's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report On Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the in the Auditors' Responsibilities for the Audit of Compliance section above and and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

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 Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

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.

Postlethwaite & Netterville

Baton Rouge, Louisiana
June 27, 2022

THE GREATER BATON ROUGE FOOD BANK

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021

<u>Program Name</u>	<u>Federal Assistance Listing</u>	<u>Grant Numbers</u>	<u>Expenditures</u>	<u>Amount Provided to Sub-Recipients</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
<u>Federal Agency Food and Nutrition Service, passed through from Louisiana Department of Agriculture & Forestry</u>				
Emergency Food Assistance Program (administrative costs) ¹	10.568	61a81012	\$ 699,739	\$ -
Emergency Food Assistance Program (food commodities) ¹	10.569	61a400812	5,585,937	5,585,937
<u>Passed through Louisiana Department of Children and Family Services</u>				
Supplemental Nutrition Assistance Program	10.561	LA 420142 FY 2018	132,112	-
Supplemental Nutrition Assistance Program Education	10.561	6L4001102 FY 2019	20,068	-
Total U.S. Department of Agriculture			<u>6,437,856</u>	<u>5,585,937</u>
<u>DEPARTMENT OF HOMELAND SECURITY</u>				
<u>Passed through Capital Area United Way</u>				
Emergency Food and Shelter National Board Program	97.024	not available	54,830	54,830
Total Department of Homeland Security			<u>54,830</u>	<u>54,830</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 6,492,686</u>	<u>\$ 5,640,767</u>

¹ Food Distribution Cluster \$ 6,285,676

See the accompanying notes to the Schedule of Expenditures of Federal Awards.

THE GREATER BATON ROUGE FOOD BANK

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Greater Baton Rouge Food Bank (Food Bank) and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE B – FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the estimated cost of the commodities disbursed. At December 31, 2021, the organization had USDA commodities valued at \$1,566,069 in inventory. The Organization received \$5,585,937 and distributed \$5,377,650 of commodities for the year ended December 31, 2021.

NOTE C – SUB-RECIPIENTS

All of the commodities and disaster relief meals distributed were done so to eligible recipient agencies considered to be sub-recipients of the Food Bank.

NOTE D – RECONCILIATION OF EXPENSES TO FEDERAL EXPENDITURES

Program expenses	\$ 31,741,117
Non-cash adjustment – bad debt	(127,504)
Non-cash adjustments – donated food	(22,096,601)
Non-cash adjustments – depreciation	(808,880)
Non-federal expenditures	<u>(2,215,446)</u>
Total Federal Expenditures	<u>\$ 6,492,686</u>

NOTE E – DE MINIMIS INDIRECT COST RATE

The Food Bank did not elect to use the 10% de minimis indirect cost rate for the year ended December 31, 2021.

THE GREATER BATON ROUGE FOOD BANK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2021

A. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

- Material weakness(es) identified? _____ Yes x No
- Significant deficiencies identified that are Not considered to be material weaknesses? _____ Yes x None reported

Noncompliance material to financial statements Noted? _____ Yes x No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ Yes x No
- Significant deficiencies identified that are Not considered to be material weaknesses? _____ Yes x None reported

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

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? _____ Yes x No

Identification of major program:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
10.568 and 10.569	Food Distribution Cluster: Emergency Food Assistance Program

- The threshold for distinguishing types A and B programs was \$750,000.
- The Greater Baton Rouge Food Bank did qualify as a low-risk auditee.

THE GREATER BATON ROUGE FOOD BANK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2021

Findings– Financial Statements

- None

Findings and Questioned Costs – Major Federal Awards Programs

- None

THE GREATER BATON ROUGE FOOD BANK
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

Findings– Financial Statements

- None

Findings and Questioned Costs – Major Federal Awards Programs

- None

INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

To Board of Directors of the
Greater Baton Rouge Food Bank
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated in Schedule A on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2021 through December 31, 2021. The Greater Baton Rouge Food Bank's management is responsible for those C/C areas identified in the SAUPs.

The Greater Baton Rouge Food Bank has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2021 through December 31, 2021. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures performed and the results thereof are set forth below. The procedure is stated first, followed by the results of the procedure presented in italics. If the item being subjected to the procedures is positively identified or present, then the results will read "*no exception noted*" or for step 25 "*we performed the procedure and discussed the results with management*". If not, then a description of the exception ensues.

A - Written Policies and Procedures

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):

a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.

No exceptions noted.

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.

The Entity does have a written policy for Purchasing, but it does not contain procedures relating to ensuring compliance with public bid law or the documentation required to be maintained for all bids and price quotes (attributes 4 and 5 above).

c) ***Disbursements***, including processing, reviewing, and approving

No exceptions noted.

- 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).

No exceptions noted.

- e) **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.

No exceptions noted.

- 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.

The Entity does not have a written policy for Contracting.

- 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).

No exceptions noted.

- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

No exceptions noted.

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

Not applicable.

- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

The Entity does not have a written policy for Debt Service.

- k) **Information Technology 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.

The Entity does not have a written policy for Information Technology Disaster Recovery/Business Continuity.

- 1) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Not applicable.

B - Board or Finance Committee

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

No exception noted.

- b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

No exception noted.

- c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

Not applicable.

C - Bank Reconciliations

3. Obtain a listing of entity 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 (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 each selected account, and observe that:

A listing of bank accounts was provided and included a total of 3 bank accounts. Management identified the entity's main operating account. No exceptions were noted as a result of performing this procedure.

From the listing provided, we selected the 3 bank accounts (Operating, Capital Campaign, and Mission Support Cash Operating) and obtained the bank reconciliations for the month ending June 30, 2021 & December 31, 2021, resulting in 3 bank reconciliations obtained and subjected to the below procedures.

- 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);

For all 3 of the bank reconciliations tested, the Entity could not provide the date the reconciliations were prepared; therefore, this procedure could not be performed.

- 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

No exceptions noted.

- 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.

No exceptions noted.

D - Collections (excluding electronic funds transfers)

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

No exceptions noted.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

No exceptions noted.

- a) Employees that are responsible for cash collections do not share cash drawers/registers.

No exceptions noted.

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.

No exceptions noted.

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

No exceptions noted.

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

No exceptions noted.

6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.

No exceptions noted.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

We randomly selected two deposit dates for each of the 5 bank accounts selected in procedure #3. We obtained supporting documentation for each of the 10 deposits and performed the procedures below.

- a) Observe that receipts are sequentially pre-numbered.

No exceptions noted.

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

No exceptions noted.

- c) Trace the deposit slip total to the actual deposit per the bank statement.

No exceptions noted.

- d) Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).

No exceptions noted.

- e) Trace the actual deposit per the bank statement to the general ledger.

No exceptions noted.

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

8. 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).

From the listing provided, we randomly selected the only location and performed the procedures below.

9. For each location selected under #8 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:

The listing of employees involved with non-payroll purchasing and payment functions for each payment processing location selected in procedure #8 was provided. No exceptions were noted as a result of performing this procedure.

Review of the Entity's written policies and procedures or inquiry with employee(s) regarding job duties was performed in order to perform the procedures below.

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

No exceptions noted.

- b) At least two employees are involved in processing and approving payments to vendors.

No exceptions noted.

- 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.

Both employees responsible for processing payments have the ability of adding/modifying 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.

No exceptions noted.

10. For each location selected under #8 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 listing of non-payroll disbursements for each payment processing location selected in procedures #8 was provided related to the reporting period. No exceptions were noted as a result of performing this procedure.

From each of the listings provided, we randomly selected 5 disbursements and performed the procedures below.

- a) Observe that the disbursement matched the related original itemized invoice, and that supporting documentation indicates that deliverables included on the invoice were received by the entity.

No exceptions noted.

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

Both employees responsible for processing payments have the ability of adding/modifying vendor files.

F - Credit Cards/Debit Cards/Fuel Cards/P-Cards

11. 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. Obtain management's representation that the listing is complete.

A listing of cards was provided. No exceptions were noted as a result of performing this procedure.

No exceptions noted.

12. 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:

From the listing provided, we randomly selected 5 cards (2 credit cards and 3 fuel cards) used in the fiscal period. We randomly selected one monthly statement for each of the 5 cards selected and performed the procedures noted below.

No exceptions noted.

- 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, 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.]

No exceptions noted.

- b) Observe that finance charges and late fees were not assessed on the selected statements.

No exceptions noted.

13. Using the monthly statements or combined statements selected under #12 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). For each transaction, observe 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.

We randomly selected 10 transactions for 2 of the 5 cards selected in procedure #12 (3 fuel cards excluded) and performed the specified procedures.

Two gift cards were purchased for \$10. However, the business purpose was not stated on the receipt.

G - Travel and Travel-Related Expense Reimbursements (excluding card transactions)

14. 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:

No exceptions noted.

From the listing provided, we randomly selected 5 reimbursements and performed the procedures below.

- 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).

No exceptions noted.

- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

No exceptions noted.

- 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).

No exceptions noted.

- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions noted.

H – Contracts – This step is not applicable.

- 15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

All contracts are for professional services, which are not subject to bid law.

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).
- c) If the contract was amended (e.g., change order), observe the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).
- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

I - Payroll and Personnel

- 16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

A listing of employees/elected officials employed during the fiscal year was provided. No exceptions were noted as a result of performing this procedure.

From the listing provided, we randomly selected 5 employees/officials and performed the specified procedures. No exceptions noted.

17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

We randomly selected 1 pay period during the fiscal period and performed the procedures below for the 5 employees/officials selected in procedure #16.

- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.).

No exceptions noted.

- b) Observe that supervisors approved the attendance and leave of the selected employees or officials.

No exceptions noted.

- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

No exceptions noted.

- d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

No exceptions noted.

18. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy. *A listing of employees/officials receiving termination payments during the fiscal period was provided. No exceptions were noted as a result of performing this procedure.*

19. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

No exceptions noted.

J - Ethics - This step is not applicable.

20. Using the 5 randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above obtain ethics documentation from management, and:

- a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

This step is not applicable.

- b) Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity’s ethics policy during the fiscal period, as applicable.

This step is not applicable.

K - Debt Service - This step is not applicable.

21. Obtain a listing of bonds/notes issued during the fiscal period and management’s representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.

The Food Bank does not have any bonds/notes outstanding at 12/31/2021. Therefore, these attributes are not applicable.

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management’s representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

While the Food Bank does have debt owed to BancorpSouth, the Food Bank does not have any bonds at 12/31/2021. Therefore, these attributes are not applicable.

L - Fraud Notice

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management’s representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Per discussion with the CFO, there were no misappropriations during 2021.

24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

The notice was posted on the Entity’s website and on its premises.

M - Information Technology Disaster Recovery/Business Continuity

25. Perform the following procedures, verbally discuss the results with management, and report “We performed the procedure and discussed the results with management.”

- a) Obtain and inspect the entity’s most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

No exceptions noted.

- b) Obtain and inspect the entity’s most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

No exceptions noted.

- c) Obtain a listing of the entity’s computers currently in use and their related locations, and management’s representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

No exceptions noted.

N - Sexual Harassment - This step is not applicable.

26. Using the 5 randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

This step is not applicable.

27. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity’s premises if the entity does not have a website).

This step is not applicable.

28. Obtain the entity’s annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:

- a) Number and percentage of public servants in the agency who have completed the training requirements;

This step is not applicable.

- b) Number of sexual harassment complaints received by the agency;

This step is not applicable.

- c) Number of complaints which resulted in a finding that sexual harassment occurred;

This step is not applicable.

- d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and

This step is not applicable.

- e) Amount of time it took to resolve each complaint.

This step is not applicable.

Corrective Action

27. Obtain management's response and corrective action plan for any exceptions noted in the above agreed-upon procedures.

See attached.

We were engaged by Greater Baton Rouge Food Bank to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, 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.

We are required to be independent of Greater Baton Rouge Food Bank and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended 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 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.

Postlethwaite & Netterville

Baton Rouge, Louisiana
June 29, 2022



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Michael G. Manning

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**Greater Baton Rouge Food Bank
Responses to Statewide Agreed Upon Procedures
For the period ending December 31, 2021**

1B. Written policies and procedures – Purchasing *“The Entity does have a written policy for Purchasing, but it does not contain procedures relating to ensuring compliance with public bid law or the documentation required to be maintained for all bids and price quotes (attributes 4 and 5 above).”*

Management Response: The Food Bank has updated its purchasing policy and includes documentation ensuring compliance with bid law and documenting bids and price quotes.

1F. Written policies and procedures - Contracting – *“The Entity does not have a written policy for Contracting.”*

Management Response: The Food Bank will make efforts to document the organization’s policy and procedures.

1J. Written policies and procedures – Debt Service *“The Entity does not have a written policy for Debt Service.”*

Management Response: The Food Bank will make efforts to document the organization’s policy and procedures.

1K. Written policies and procedures - Information Technology Disaster Recovery/Business Continuity *“The Entity does not have a written policy for Information Technology Disaster Recovery/Business Continuity.”*

Management Response: The Food Bank will make efforts to document the organization’s policy and procedures.

3A. Bank reconciliations – *“For 3 of the 3 bank reconciliations tested, the Entity could not provide the date the reconciliations were prepared; therefore, this procedure could not be performed.”*

Management Response: The Food bank will print the reconciliations, sign and date them to document dates they were completed.

E9C and 10B. - Non-payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases) – *“Both employees responsible for processing payments have the ability of adding/modifying vendor files.”*

Management Response: Due to the size of the organization, management feels this process is not considered necessary and considers other procedures and controls of the organization adequate. All non-payroll disbursements must have supporting invoices approved prior to payment. Each Invoice is

reviewed and approved by the CFO and CEO. If the reimbursement request is for one of the departments in our Operations Segment, such as warehouse, transportation, agency relation, etc., the reimbursement is also reviewed and approved by the COO. Any disbursements greater than \$7,500 is approved by a member of the Executive Committee of the Board of Directors.

E13. - Non-payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)– *“We randomly selected 10 transactions for 2 of the 5 cards selected in procedure #12 (3 fuel cards excluded) and performed the specified procedures. Two gift cards were purchased for \$10. However, the business purpose was not stated on the receipt.”*

Management Response: The two gift cards were purchased as a gift for administration appreciation day. A communication will be sent to all credit card holders to remind everyone to include the business purpose on all receipts.

Signature:



Date:

6/27/22