

FOOD BANK OF NORTHEAST LOUISIANA, INC.

*Financial Statements
For the Years Ended December 31, 2017 and 2016*



FOOD BANK OF NORTHEAST LOUISIANA, INC.
FINANCIAL REPORT
FOR THE YEARS ENDED DECEMBER 31, 2017 and 2016

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying statements of Food Bank of Northeast Louisiana, Inc., (a non profit organization), which comprise the statement of financial position as of December 31, 2017 and 2016, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Food Bank of Northeast Louisiana, Inc., as of December 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the Schedule of Compensation, Benefits, and Other Payments to Agency Head are presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2018, on our consideration of Food Bank of Northeast Louisiana, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Food Bank of Northeast Louisiana's internal control over financial reporting and compliance.

Cameron, Hines & Company (APAC)

FOOD BANK OF NORTHEAST LOUISIANA, INC.
STATEMENTS OF FINANCIAL POSITION

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<i>For the Years Ended December 31,</i>	
			<u>2017</u>	<u>2016</u>
<u>ASSETS</u>				
Current Assets:				
Cash and Cash Equivalents	\$ 510,129	-	\$ 510,129	\$ 559,702
Certificates of Deposit	352,736	-	352,736	351,276
Accounts Receivable:	-	-	-	-
Agency Receivable	14,838	-	14,838	14,464
USDA Receivable	30,775	-	30,775	16,228
Promises to Give - United Way	-	49,032	49,032	49,000
Inventory	620,324	-	620,324	895,803
Total Current Assets	<u>1,528,802</u>	<u>49,032</u>	<u>1,577,834</u>	<u>1,886,473</u>
 Property and Equipment:				
Office Equipment	38,254	-	38,254	38,254
Warehouse Equipment	116,576	-	116,576	116,576
Vehicles	321,940	-	321,940	323,384
Leasehold Improvements	442,833	-	442,833	442,833
Accumulated Depreciation	(543,003)	-	(543,003)	(485,013)
Net Property and Equipment	<u>376,600</u>	<u>-</u>	<u>376,600</u>	<u>436,034</u>
 <u>TOTAL ASSETS</u>	 <u>\$ 1,905,402</u>	 <u>\$ 49,032</u>	 <u>\$ 1,954,434</u>	 <u>\$ 2,322,507</u>
 <u>LIABILITIES AND NET ASSETS</u>				
Current Liabilities:				
Accounts Payable	\$ 37,609	\$ -	\$ 37,609	\$ 22,924
Payroll Taxes Payable	59	-	59	4,314
Total Current Liabilities	<u>37,668</u>	<u>-</u>	<u>37,668</u>	<u>27,238</u>
 Net Assets				
Unrestricted	1,867,734	-	1,867,734	2,230,041
Temporarily Restricted	-	49,032	49,032	65,228
Total Net Assets	<u>1,867,734</u>	<u>49,032</u>	<u>1,916,766</u>	<u>2,295,269</u>
 <u>TOTAL LIABILITIES AND NET ASSETS</u>	 <u>\$ 1,905,402</u>	 <u>\$ 49,032</u>	 <u>\$ 1,954,434</u>	 <u>\$ 2,322,507</u>

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

FOOD BANK OF NORTHEAST LOUISIANA, INC.
STATEMENTS OF ACTIVITIES

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<i>For the Years Ended December 31,</i>	
			<u>2017</u>	<u>2016</u>
<u>Support and Revenue:</u>				
Shared Maintenance and Handling Fees	\$ 77,934	\$ -	\$ 77,934	\$ 84,809
Contributions	640,355	-	640,355	702,008
Contributions - Adopt-a-Senior	-	2,000	2,000	2,170
Contributions - Various Programs	-	200	200	111,320
Contributions - Donated Product	4,484,749	-	4,484,749	5,069,463
USDA Reimbursements	-	193,540	193,540	153,018
SNAP Reimbursements	24,564	-	24,564	57,435
United Way Funding	-	110,218	110,218	107,016
USDA Commodities Received	1,020,158	-	1,020,158	1,948,927
Grants	8,278	141,704	149,982	258,626
Interest Income	1,546	-	1,546	2,009
Net Assets Released from Restrictions	463,858	(463,858)	-	-
Total Support and Revenue	<u>6,721,442</u>	<u>(16,196)</u>	<u>6,705,246</u>	<u>8,496,801</u>
<u>Expenses:</u>				
Programs:				
Agency	6,118,152	-	6,118,152	7,025,618
Adopt-a-Senior	230,354	-	230,354	190,017
Backpack	304,625	-	304,625	220,719
Snap	93,141	-	93,141	92,548
Kid's Cabinet	87,381	-	87,381	68,930
Disaster	4,206	-	4,206	4,121
Total Programs	<u>6,837,859</u>	<u>-</u>	<u>6,837,859</u>	<u>7,601,953</u>
Administration	158,216	-	158,216	258,478
Fundraising	87,674	-	87,674	134,859
Total Expenses	<u>7,083,749</u>	<u>-</u>	<u>7,083,749</u>	<u>7,995,290</u>
<u>Changes in Net Assets</u>	(362,307)	(16,196)	(378,503)	501,511
<u>Net Assets at Beginning of Year (Restated)</u>	<u>2,230,041</u>	<u>65,228</u>	<u>2,295,269</u>	<u>1,793,758</u>
<u>NET ASSETS AT END OF YEAR</u>	<u>\$ 1,867,734</u>	<u>\$ 49,032</u>	<u>\$ 1,916,766</u>	<u>\$ 2,295,269</u>

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

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

	Program Services			
	Agency Program	Senior Program	Backpack Program	Snap Program
Advertising	\$ 694	\$ 555	\$ 555	\$ 3,996
Auto and Truck Expense	-	-	-	-
Bank Charges	-	-	-	-
Christmas Gifts	1,197	956	957	237
Computer Expense	2,468	2,218	2,218	2,492
Contract Labor	6,994	4,424	3,619	344
Depreciation	24,995	11,110	6,440	793
Disaster Relief Expense	-	-	-	-
Donated Product Distributed	4,505,526	-	-	-
Donor Development	-	14,002	13,788	16
Dues and Subscriptions	1,697	1,697	1,696	1,144
Education and Training	-	-	-	-
Emergency Boxes	-	-	-	-
Employee Benefits	-	-	-	-
Events	-	-	-	-
Exterminating	1,185	1,185	1,185	1,185
Food Purchases	-	-	-	-
Fundraising Expense	276	207	276	69
Grant Expense	1,275	1,275	1,275	637
Insurance	19,117	13,467	12,891	11,530
LAFB				
Meals	88	142	78	4
Miscellaneous	27	1,134	1,830	25
Office Supplies	2,713	990	967	745
Outreach Expense	-	-	-	644
Payroll Taxes	8,889	3,776	2,460	3,267
Postage and Printing	3,044	2,900	924	1,039
PPO/VAP Fees	10,196	2,996	224	-
Professional Fees	4,625	4,615	4,441	3,790
Purchased Food Distributed	107,915	-	168,305	-
Rent	45,369	22,455	16,843	11,231
Repairs and Maintenance	1,188	119	119	119
Safety/First Aid	38	38	38	38
Salaries	117,429	39,098	33,089	44,404
Shared Maintenance	-	30,018	-	-
Staff Appreciation	115	115	115	128
Supplies	12	704	827	7
Telephone	1,784	1,083	909	1,313
Travel	861	861	861	1,662
Trucking	55,483	19,511	185	-
USDA Commodities Distributed	1,164,595	-	-	-
Utilities	5,487	2,771	2,085	2,122
Van Expense/Operation	837	188	580	-
Volunteer Appreciation	480	799	639	160
Volunteer Expense	8,246	27,254	19,241	-
Warehouse Expense	13,307	17,691	4,965	-
Total Expenses, year ended December 31, 2017	\$ 6,118,152	\$ 230,354	\$ 304,625	\$ 93,141

Kids Cabinet	Disaster	Management and General	Fundraising	For the Years Ended December 31,	
				2017	2016
416	-	\$ (4,203)	-	\$ 2,013	\$ 5,177
-	-	-	-	-	2,653
-	-	2,068	-	2,068	2,203
717	-	666	-	4,730	7,540
1,343	-	1,968	-	12,707	15,338
905	-	905	-	17,191	3,975
869	-	30,590	-	74,797	64,953
-	-	-	-	-	76,490
-	-	-	-	4,505,526	5,084,976
4,596	-	13,763	48,119	94,284	106,178
625	-	1,704	-	8,563	6,130
-	-	-	-	-	-
-	-	-	-	-	39
-	-	-	-	-	-
-	-	2,271	-	2,271	453
296	-	889	-	5,925	5,796
-	-	-	-	-	138,807
78	-	207	1,656	2,769	678
412	-	319	956	6,149	750
8,660	-	12,064	-	77,729	68,164
-	-	2,722	-	2,722	-
3	-	35	-	350	1,081
22	-	(276)	1	2,763	1,647
268	-	926	-	6,609	3,698
-	-	-	-	644	-
1,358	286	5,064	2,494	27,594	31,879
139	-	2,144	1,196	11,386	11,590
447	-	212	-	14,075	2,730
3,035	20	4,598	20	25,144	24,617
18,680	-	-	-	294,900	-
5,616	-	6,079	-	107,593	112,233
56	-	119	-	1,720	14,883
18	-	38	-	208	-
29,647	3,900	68,028	33,232	368,827	391,269
3,202	-	-	-	33,220	36,417
48	-	124	-	645	272
2	-	7	-	1,559	9,698
319	-	1,362	-	6,770	8,472
560	-	862	-	5,667	3,642
4,404	-	922	-	80,505	41,062
-	-	-	-	1,164,595	1,664,013
-	-	811	-	13,276	14,037
19	-	-	-	1,624	1,684
320	-	479	-	2,877	4,102
-	-	-	-	54,741	-
301	-	749	-	37,013	25,964
<u>\$ 87,381</u>	<u>\$ 4,206</u>	<u>\$ 158,216</u>	<u>\$ 87,674</u>	<u>\$ 7,083,749</u>	<u>\$ 7,995,290</u>

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

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

	<i>For the Years Ended</i>	
	<i>December 31,</i>	
	<u>2017</u>	<u>2016</u>
Cash Flows from Operating Activities:		
Changes in Net Assets	\$ (378,504)	\$ 501,511
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	74,797	64,953
(Increase) Decrease in:		
Accounts Receivable	(14,921)	(8,300)
Promises to Give	(32)	(2,968)
Inventory	275,480	(311,853)
Increase (Decrease) in:		
Accounts Payable	14,685	6,541
Accrued Expenses	(4,255)	(286)
Deferred Grant Revenue	-	(2,538)
<u>Net Cash Provided (Used) by Operating Activities</u>	<u>(32,750)</u>	<u>247,060</u>
Cash Flows from Investing Activities:		
(Increase) Decrease in Certificates of Deposit	(1,460)	(858)
Purchase of Fixed Assets	(15,363)	(91,966)
<u>Net Cash Provided (Used) by Investing Activities</u>	<u>(16,823)</u>	<u>(92,824)</u>
<u>Increase (Decrease) in Cash and Cash Equivalents</u>	<u>(49,573)</u>	<u>154,236</u>
<u>Cash and Cash Equivalents, Beginning of Year</u>	<u>559,702</u>	<u>405,466</u>
<u>CASH AND CASH EQUIVALENTS, END OF YEAR</u>	<u>\$ 510,129</u>	<u>\$ 559,702</u>

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

FOOD BANK OF NORTHEAST LOUISIANA, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

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

Nature of Activity

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

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Accounting

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

Basis of Presentation

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

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

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

Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by Food Bank of Northeast Louisiana, Inc. Generally, the donors of these assets permit Food Bank of Northeast Louisiana, Inc. to use all of, or part of, the income earned on the

FOOD BANK OF NORTHEAST LOUISIANA, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

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

related investments for general or specific purposes. As of December 31, 2017 and 2016, there were no permanently restricted net assets.

Cash and Cash Equivalents

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

Accounts Receivable

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

Inventory

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

Property and Equipment

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

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

Public Support and Revenue

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

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

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

FOOD BANK OF NORTHEAST LOUISIANA, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

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

Promises to Give

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

Functional Allocation of Expenses

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

Note 2 - Cash and Cash Equivalents

Food Bank of Northeast Louisiana, Inc. maintains its cash balances in two local financial institutions. The bank balances of \$510,365 are covered by Federal Deposit Insurance Corporation up to \$250,000 at each bank, but the Food Bank of Northeast Louisiana has \$172,236 of its bank balance that exceed the Federal Deposit Insurance Corporation's limits. Total cash on hand at December 31, 2017 and 2016 was \$510,129 and \$559,702, respectively.

Food Bank of Northeast Louisiana, Inc. also has three certificates of deposit. The certificates of deposits had a fair value of \$352,736 and \$351,276 at December 31, 2017 and 2016, respectively and were not considered cash equivalents. All of the certificates of deposit are covered by FDIC insurance.

Note 3 - Income Taxes

Food Bank of Northeast Louisiana, Inc. is a nonprofit corporation exempted from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made; however, should the organization engage in activities unrelated to its exempt purpose, taxable income could result. The organization had no material unrelated business income for the years ended December 31, 2017 and 2016. The earliest income tax year that is subject to examination is 2014.

FOOD BANK OF NORTHEAST LOUISIANA, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

Note 4 - Property and Equipment

A summary of land, buildings, equipment and accumulated depreciation at December 31, 2017 and 2016 is as follows:

	<u>2017</u>	<u>2016</u>
Office Equipment	\$ 38,254	\$ 38,254
Warehouse Equipment	116,576	116,576
Vehicles	321,940	323,384
Leasehold Improvements	442,833	442,833
Accumulated Depreciation	<u>(543,003)</u>	<u>(485,013)</u>
Net Property and Equipment	<u>\$ 376,600</u>	<u>\$ 436,034</u>

Depreciation expense for the years ended December 31, 2017 and 2016 was \$74,797 and \$64,953, respectively.

Note 5 - Temporarily Restricted Net Assets

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

Periods after December 31,	<u>2017</u>	<u>2016</u>
United Way of Northeast Louisiana	<u>49,032</u>	<u>49,000</u>
Total Temporarily Restricted Assets	<u>\$ 49,032</u>	<u>\$ 49,000</u>

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

	<u>2017</u>	<u>2016</u>
Time Restrictions Expired:		
United Way of Northeast Louisiana	\$ 110,186	\$ 104,048
Purpose Restrictions Fulfilled:		
Contributions – Various Programs	300	111,320
Contributions – SNAP	24,564	57,435
USDA Reimbursements	179,300	143,888
Grants	<u>149,982</u>	<u>135,306</u>
Total Restriction Released	<u>\$ 463,858</u>	<u>\$ 551,997</u>

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized.

Note 6 - Promises to Give

Unconditional promises to give consist of the following:

	<u>2017</u>	<u>2016</u>
United Way of Northeast Louisiana	\$ 49,032	\$ 49,000

FOOD BANK OF NORTHEAST LOUISIANA, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

Note 7 - Food Distributions

During 2017, the Food Bank distributed 2,604,350 pounds of food to the community valued at \$1.73 per pound, totaling \$4,505,526. The Food Bank also distributed 2,189,312 pounds of commodities through USDA valued at fair market values established by USDA and totaled \$1,164,595.

During 2016, the Food Bank distributed 3,044,976 pounds of food to the community valued at \$1.67 per pound, totaling \$5,084,976. The Food Bank also distributed 1,899,025 pounds of commodities through USDA valued at fair market values established by USDA and totaled \$1,664,013. This resulted in a net distribution of \$5,592,187 and \$6,664,180, for the years ended December 31, 2017 and 2016, calculated as follows:

	<u>2017</u>	<u>2016</u>
Distribution	\$ 5,670,121	\$ 6,748,989
Less: Shared Maintenance & Handling Fees	<u>(77,934)</u>	<u>(84,809)</u>
Net Distribution	<u>\$ 5,592,187</u>	<u>\$ 6,664,180</u>

Note 8 - Inventory

The Food Bank receives products from USDA donations, food purchases, and various unsolicited donations. During 2017 and 2016 approximately 5,162,603 pounds and 5,242,160 pounds of products were received, respectively, from the following sources:

	<u>2017</u>	<u>2016</u>
USDA	2,275,923	2,236,716
Donated Food	2,750,823	2,747,137
Purchased Food	<u>135,856</u>	<u>258,307</u>
Total	<u>5,162,603</u>	<u>5,242,160</u>

As of December 31, 2017 and 2016, the Food Bank had approximately 615,715 pounds and 901,119 pounds of food on hand valued at \$1.73 and \$1.67 per pound and the commodities through USDA market values, totaling \$620,324 and \$895,803 respectively.

Note 9 - In-Kind Contributions

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

FOOD BANK OF NORTHEAST LOUISIANA, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

Note 10 - Commitments and Contingencies

Economic Dependence

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

Note 11 - Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

Note 12 - Restatement of Net Position

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

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

Note 13 - Subsequent Events

Subsequent events have been evaluated through June 28, 2018, the date that the financial statements were available to be issued. All subsequent events determined to be relevant and material to the financial statements have been appropriately recorded or disclosed.

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Food Bank of Northeast Louisiana, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 28, 2018.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Food Bank of Northeast Louisiana, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that is required to be reported under the *Government Auditing Standards*.

Purpose of this Report

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

Cameron, Hines & Company (APAC)

West Monroe, Louisiana
June 28, 2018

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

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

Report on Compliance for Each Major Federal Program

We have audited Food Bank of Northeast Louisiana, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Food Bank of Northeast Louisiana, Inc.'s major federal programs for the years ended December 31, 2017 and 2016. Food Bank of Northeast Louisiana, Inc.'s major federal programs are identified in the Summary of Auditors' Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Food Bank of Northeast Louisiana, Inc.'s major federal programs based on our audits of the types of compliance requirements referred to above. We conducted our audits of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Food Bank of Northeast Louisiana, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Food Bank of Northeast Louisiana, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of the major federal programs for the years ended December 31, 2017 and 2016.

Internal Control Over Compliance

Management of Food Bank of Northeast Louisiana, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audits of compliance, we considered Food Bank of Northeast Louisiana, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Food Bank of Northeast Louisiana, Inc.'s internal control over compliance.

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

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Camera, Hines & Company (APAC)

West Monroe, Louisiana
June 28, 2018

FOOD BANK OF NORTHEAST LOUISIANA, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2017

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

We have audited the financial statements of Food Bank of Northeast Louisiana, Inc. as of and for the year ended December 31, 2017, and have issued our report thereon dated June 28, 2018. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of December 31, 2017, resulted in an unmodified opinion.

SECTION I - Summary of Auditors' Results

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

Internal Control

Material Weakness yes no

Significant Deficiencies not considered to be
Material Weaknesses yes no

Compliance

Compliance Material to Financial Statements yes no

B. Federal Awards

Material Weakness Identified yes no

Significant Deficiencies not considered to be
Material Weaknesses yes no

Type of Opinion on Compliance for Major Programs

Unmodified Modified

Disclaimer Adverse

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

C. Identification of Major Programs:

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

CFDA Number(s) 10.569

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

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

FOOD BANK OF NORTHEAST LOUISIANA, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2017 (CONTINUED)

Section II - Financial Statement Findings

There were no findings in this section.

Section III - Federal Award Findings and Questioned Costs

There were no findings in this section.

FOOD BANK OF NORTHEAST LOUISIANA, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2016

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

* Denotes Major Federal Assistance program.

See accompanying Notes to Schedule of Expenditures of Federal Awards

FOOD BANK OF NORTHEAST LOUISIANA, INC.
NOTES TO SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2017

1. General

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

2. Basis of Accounting

The Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 to Food Bank of Northeast Louisiana, Inc.'s financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

3. Food Distribution

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At December 31, 2017, the organization had food commodities totaling \$140,284 in inventory.

FOOD BANK OF NORTHEAST LOUISIANA, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2017

Internal Control and Compliance Material to the Financial Statements

This section is not applicable.

Internal Control and Compliance Material to Federal Awards

This section not applicable.

Management Letter

No management letter was issued.

FOOD BANK OF NORTHEAST LOUISIANA, INC.
SCHEDULE OF COMPENSATION, BENEFITS,
AND OTHER PAYMENTS TO AGENCY HEAD
DECEMBER 31, 2017

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

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

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below, which were agreed to by the Food Bank of NELA (Food Bank) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2017 through December 31, 2017. Food Bank's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

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

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

periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- i) **Ethics²**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the Food Bank's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

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

Board or Finance Committee³

- 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.
 - b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-

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

³ These procedures are not applicable to entities managed by a single elected official, such as sheriff or assessor.

to-actual comparisons, if budgeted) for major proprietary funds.⁴ *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of Food Bank's collections during the fiscal period.*

- c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted 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 unrestricted fund balance in the general fund.

Findings: No exceptions noted.

Bank Reconciliations

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify Food Bank's main operating account. Select Food Bank's main operating account and randomly select 4 additional accounts⁵ (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:
 - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
 - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Findings: One exception noted where there was no documentation reflecting that management had researched reconciling items that had been outstanding for more than 12 months from the statement closing date.

Collections

⁴ Major funds are defined under GASB standards. The related procedure addresses major funds as a way to verify that boards are provided with financial information necessary to make informed decisions about significant Food Bank operations, including proprietary operations that are not required to be budgeted under the LGBA.

⁵ Accounts selected may exclude savings and investment accounts that are not part of the Food Bank daily business operations.

4. Obtain a listing of deposit sites⁶ 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).

Findings: We obtained the listing and management's representation.

5. For each deposit site selected, obtain a listing of collection locations⁷ 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:
 - a) Employees that are responsible for cash collections do not share cash drawers/registers.
 - 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.
 - 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.
 - 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.

Findings: No exceptions noted.

6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

Findings: 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)⁸. *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:
 - a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

⁶ A deposit site is a physical location where a deposit is prepared and reconciled.

⁷ A collection location is a physical location where cash is collected. An Food Bank may have one or more collection locations whose collections are brought to a deposit site for deposit.

⁸ If "bank reconciliations" have been rotated off for Year 2, the practitioner should insert a procedure with the same selection methodology that would have been used for bank reconciliations.

- c) Trace the deposit slip total to the actual deposit per the bank statement.
- d) Observe that 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).
- e) Trace the actual deposit per the bank statement to the general ledger.

Findings: No exceptions noted.

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).

Findings: We obtained the listing and management's representation.

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

Findings: One exception noted where the employee responsible for processing payments is not prohibited from adding/modifying vendor files.

- 10. For each location selected under #8 above, obtain Food Bank's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
 - a) Observe that the disbursement matched the related original invoice/billing statement.
 - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Findings: No exceptions noted.

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

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.

Findings: We obtained the listing and management's representation.

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

Findings: Two exceptions noted where the monthly statement was not reviewed and approved, in writing, by someone other than the cardholder.

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 that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

Findings: No exceptions noted.

Travel and Travel-Related Expense Reimbursements⁹ (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:

⁹ Non-travel reimbursements are not required to be tested under this category.

- 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).
- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Findings: One exception noted where the reimbursement was reviewed and approved, in writing, by the same person who received the reimbursement.

Contracts

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:
 - a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law¹⁰ (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 that the original contract terms provided for such an amendment.
 - 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.

Findings: No exceptions noted.

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

¹⁰ If the Food Bank has adopted the state Procurement Code, replace "Louisiana Public Bid Law" with "Louisiana Procurement Code."

employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Findings: 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:

- 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.)
- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
- c) Observe that any leave accrued or taken during the pay period is reflected in Food Bank's cumulative leave records.

Findings: No exceptions noted.

18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulate leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

Findings: No employees received termination payments. We obtained management's representation.

19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Findings: We obtained management's representation.

Ethics¹¹

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above¹², 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.

¹¹ The Louisiana Code of Ethics is generally not applicable to non-profit entities but may be applicable in certain situations, such as councils on aging. If ethics is applicable to a non-profit, the procedures should be performed.

¹² If "payroll and personnel" have been rotated off for Year 2, the practitioner should insert a procedure with the same selection methodology that would have been used for payroll and personnel.

- b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read Food Bank's ethics policy during the fiscal period.

Findings: Food Bank is a non-profit organization and exempt from the Louisiana Code of Ethics. This testing is not applicable.

Debt Service¹³

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.

Findings: Food Bank did not issue any bonds/notes during the fiscal period. This testing is 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.

Findings: Food Bank does not have any outstanding debt. This testing is not applicable.

Other

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 Food Bank reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the Food Bank is domiciled.

Findings: Food Bank did not have any misappropriations of public funds and assets during the fiscal period. This testing is not applicable.

24. Observe that the Food Bank has posted on its premises¹⁴ and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.¹⁵

Findings: No exceptions noted.

¹³ This AUP category is generally not applicable to non-profit entities; however, if applicable, the procedures should be performed.

¹⁴ Observation may be limited to those premises that are visited during the performance of other procedures under the AUPs.

¹⁵ This notice is available for download or print at www.la.gov/hotline.

Management's Response

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

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

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Cameron, Hines & Company (APAC)

West Monroe, Louisiana
June 27, 2018