

FOOD BANK OF NORTHEAST LOUISIANA, INC.

*Financial Statements
For the Year Ended June 30, 2022*



FOOD BANK OF NORTHEAST LOUISIANA, INC.
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2022

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying statements of Food Bank of Northeast Louisiana, Inc., (a non profit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Food Bank of Northeast Louisiana, Inc., as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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 responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Food Bank of Northeast Louisiana, Inc., and to meet our other ethical responsibilities, in accordance with the 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 audit opinions.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Food

Bank of Northeast Louisiana, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 opinions. 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 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 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 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 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 Food Bank of Northeast Louisiana, Inc.'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Food Bank of Northeast Louisiana, Inc.'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.

Supplementary 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 are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2022, 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)

West Monroe, Louisiana
December 19, 2022

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

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <i>For the Year Ended June 30, 2022</i> |
|--|---------------------|-----------------------------------|---|
| <u>ASSETS</u> | | | |
| Current Assets: | | | |
| Cash and Cash Equivalents | \$ 6,794,667 | \$ 1,346,083 | \$ 8,140,750 |
| Certificates of Deposit | 51,132 | - | 51,132 |
| Accounts Receivable: | | | |
| Agency Receivable | 33,642 | - | 33,642 |
| USDA Receivable | 154,301 | - | 154,301 |
| Promises to Give - United Way | - | 62,619 | 62,619 |
| Inventory | 1,382,782 | - | 1,382,782 |
| Total Current Assets | 8,416,524 | 1,408,702 | 9,825,226 |
| Property and Equipment: | | | |
| Office Equipment | 57,281 | - | 57,281 |
| Warehouse Equipment | 271,599 | - | 271,599 |
| Vehicles | 726,699 | - | 726,699 |
| Leasehold Improvements | 406,181 | - | 406,181 |
| Accumulated Depreciation | (838,360) | - | (838,360) |
| Net Property and Equipment | 623,400 | - | 623,400 |
| Other Assets: | | | |
| Lease Asset | 403,896 | - | 403,896 |
| Accumulated Amortization | (22,438) | - | (22,438) |
| Net Other Assets | 381,458 | - | 381,458 |
| <u>TOTAL ASSETS</u> | \$ 9,421,382 | \$ 1,408,702 | \$ 10,830,084 |
| <u>LIABILITIES AND NET ASSETS</u> | | | |
| Current Liabilities: | | | |
| Accounts Payable | \$ 37,189 | \$ - | \$ 37,189 |
| Accrued Expenses | 1,679 | - | 1,679 |
| Lease Liability | 125,711 | - | 125,711 |
| Payroll Taxes Payable | - | - | - |
| Total Current Liabilities | 164,579 | - | 164,579 |
| Long-Term Liabilities: | | | |
| Lease Liability | 258,191 | - | 258,191 |
| Net Assets | | | |
| Without Donor Restrictions | | | |
| Undesignated | 2,075,212 | - | 2,075,212 |
| Board Designated - Capital Improvements | 4,200,000 | - | 4,200,000 |
| Board Designated - Food | 2,100,000 | - | 2,100,000 |
| Net Investment in Property and Equipment | 623,400 | - | 623,400 |
| With Donor Restrictions | | | |
| Time Restrictions | - | 62,619 | 62,619 |
| Purpose Restrictions | - | 1,346,083 | 1,346,083 |
| Total Net Assets | 8,998,612 | 1,408,702 | 10,407,314 |
| <u>TOTAL LIABILITIES AND NET ASSETS</u> | \$ 9,421,382 | \$ 1,408,702 | \$ 10,830,084 |

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

FOOD BANK OF NORTHEAST LOUISIANA, INC.
STATEMENT OF ACTIVITIES

| | Unrestricted | Temporarily Restricted | <i>For the Year Ended June 30, 2022</i> |
|--|---------------------|---------------------------|---|
| <u>Support and Revenue:</u> | | | |
| Shared Maintenance and Handling Fees | \$ 18,740 | \$ - | \$ 18,740 |
| Contributions | 769,016 | - | 769,016 |
| Contributions - Adopt-a-Senior | 4,396 | - | 4,396 |
| Contributions - Various Programs | 11,351 | - | 11,351 |
| Contributions - Donated Product | 2,935,909 | - | 2,935,909 |
| USDA Reimbursements | 520,163 | - | 520,163 |
| SNAP Reimbursements | 31,401 | - | 31,401 |
| United Way Funding | 4,872 | 62,619 | 67,491 |
| USDA Commodities Received | 4,197,440 | - | 4,197,440 |
| Grants | 36,879 | 713,872 | 750,751 |
| Fundraising | 455,011 | - | 455,011 |
| Miscellaneous Income | 7,941 | - | 7,941 |
| Interest Income | 7,540 | - | 7,540 |
| Net Assets Released from Restrictions | 669,675 | (669,675) | - |
| Total Support and Revenue | 9,670,334 | 106,816 | 9,777,150 |
| <u>Expenses:</u> | | | |
| Program Services | 8,505,140 | - | 8,505,140 |
| Management and General | 101,273 | - | 101,273 |
| Fundraising | 94,750 | - | 94,750 |
| Total Expenses | 8,701,163 | - | 8,701,163 |
| <u>Other Income (Expenses)</u> | | | |
| Extinguishment of Debt - PPP Loan | - | - | - |
| Changes in Net Assets | 969,171 | 106,816 | 1,075,987 |
| Net Assets at Beginning of Year (restated) | 8,029,441 | 1,301,886 | 9,331,327 |
| <u>NET ASSETS AT END OF YEAR</u> | \$ 8,998,612 | \$ 1,408,702 | \$ 10,407,314 |

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

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

| | Program Services | Management and General | Fundraising | <i>For the Year Ended June 30, 2022</i> |
|---|----------------------------|---------------------------|-------------------------|---|
| Advertising | \$ 3,641 | \$ - | \$ (73) | \$ 3,568 |
| Amortization | 130,832 | - | - | 130,832 |
| Bank Charges | - | 830 | - | 830 |
| Computer Expense | 21,496 | 1,039 | - | 22,535 |
| Depreciation | 124,470 | 6,471 | - | 130,941 |
| Donated Product Distributed | 2,860,097 | - | - | 2,860,097 |
| Donor Development | 118,601 | - | 20,924 | 139,525 |
| Dues and Subscriptions | 6,952 | 130 | - | 7,082 |
| Employee Benefits | 78,415 | 9,741 | 9,224 | 97,380 |
| Fleet | 25,224 | 92 | 11 | 25,327 |
| Freight | 12,592 | - | - | 12,592 |
| Fundraising Expense | 13,656 | 745 | 3,066 | 17,467 |
| In Kind Expenses | - | - | 1,100 | 1,100 |
| Insurance | 41,240 | 4,525 | - | 45,765 |
| Interest Expense | 9,685 | - | - | 9,685 |
| Miscellaneous | 30 | 7 | - | 37 |
| Office Supplies | 7,986 | 2,068 | 10 | 10,064 |
| Postage and Printing | 13,363 | 2,448 | 5 | 15,816 |
| PPO/VAP Fees | 7,588 | - | - | 7,588 |
| Professional Fees | 79,664 | 4,193 | - | 83,857 |
| Program Expense | 44,927 | 39 | - | 44,966 |
| Public Awareness | 74 | - | 3 | 77 |
| Purchased Food Distributed | 486,874 | - | - | 486,874 |
| Rent | 24,115 | 80 | - | 24,195 |
| Repairs and Maintenance | 24,062 | 1,266 | - | 25,328 |
| Salaries | 510,847 | 67,538 | 60,480 | 638,865 |
| Travel | 1,203 | 61 | - | 1,264 |
| USDA Commodities Distributed | 3,841,438 | - | - | 3,841,438 |
| Warehouse Expense | 16,068 | - | - | 16,068 |
| Total Expenses, year ended June 30, 2022 | <u>\$ 8,505,140</u> | <u>\$ 101,273</u> | <u>\$ 94,750</u> | <u>\$ 8,701,163</u> |

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

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

| | <i>For the Year Ended</i> <i>June 30,</i> <u>2022</u> |
|--|---|
| Cash Flows from Operating Activities: | |
| Changes in Net Assets | \$ 1,075,987 |
| Adjustments to Reconcile Changes in Net Assets to Net Cash Provided (Used) by Operating Activities: | |
| Depreciation | 130,941 |
| Amortization | 130,832 |
| (Increase) Decrease in: | |
| Accounts Receivable | (143,411) |
| Inventory | (313,190) |
| Increase (Decrease) in: | |
| Accounts Payable | 16,391 |
| Payroll Taxes Payable | - |
| Accrued Expenses | 1,679 |
| <u>Net Cash Provided (Used) by Operating Activities</u> | <u>899,229</u> |
| Cash Flows from Investing Activities: | |
| Fixed Asset Acquisitions | (24,404) |
| Certificates of Deposit | (381) |
| <u>Net Cash Provided (Used) by Investing Activities</u> | <u>(24,785)</u> |
| Cash Flows from Financing Activities: | |
| Payments on Lease Liability | (137,908) |
| <u>Net Cash Provided (Used) by Financing Activities</u> | <u>(137,908)</u> |
| <u>Increase (Decrease) in Cash and Cash Equivalents</u> | <u>736,536</u> |
| <u>Cash and Cash Equivalents, Beginning of Year</u> | <u>7,404,214</u> |
| <u>CASH AND CASH EQUIVALENTS, END OF YEAR</u> | <u>\$ 8,140,750</u> |
| Supplemental Information on Cash Flows: | |
| Cash Paid for Interest | 9,685 |
| Acquisition of Right of Use Asset via Lease Obligation | 403,896 |

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

FOOD BANK OF NORTHEAST LOUISIANA, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

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 about 30,000 people monthly.

Use of Estimates

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

Basis of Accounting

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

Basis of Presentation

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

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

Net Assets With Donor Restrictions- Net assets subject to donor or grantor – imposed restrictions. Some restrictions are temporary in nature, such as those that will be met with the passage of time or occurrence of other events. Other donor – imposed restrictions are perpetual in nature, where the donor stipulates the resources be maintained in perpetuity. Donor – imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. As of June 30, 2022, the Food Bank of Northeast Louisiana does not have any restrictions that are perpetual in nature.

FOOD BANK OF NORTHEAST LOUISIANA, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

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

Cash and Cash Equivalents

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

Accounts Receivable

Accounts Receivable represents amounts that have been requested based on food distribution pounds and are to be issued by the USDA and have been promised over the next twelve months. Accounts receivable also represent amounts due from the SNAP program as well as 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.

Income and accounts receivable for handling of USDA food is recorded when request are submitted to USDA.

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

FOOD BANK OF NORTHEAST LOUISIANA, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

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 restrictions have been met, temporarily restricted net assets are reclassified to unrestricted net assets.

Functional Allocation of Expenses

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

Note 2 - Liquidity and Availability

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

| | |
|--|---------------------------|
| Cash and cash equivalents | \$8,140,750 |
| Current value of certificates of deposit maturing within one year | 51,132 |
| Accounts receivable | 187,943 |
| Promises to give with temporary restrictions that will expire | <u>62,619</u> |
| Total Liquid and Available Assets | \$8,442,444 |
| Donor-Imposed Restricted Assets | (1,408,702) |
| Board Designated Assets | <u>(6,300,000)</u> |
| Financial Assets Available for General Expenditures Within One Year | <u>\$ 733,742</u> |

Note 3 - Cash and Cash Equivalents

Food Bank of Northeast Louisiana, Inc. maintains its cash balances in two local financial institutions. The Food Bank has bank balances of \$8,143,426, which are fully covered by the Federal Deposit Insurance Corporation through the use of cash sweeping accounts. Funds in excess of the Federal Deposit Insurance Corporation's coverage limit of \$250,000 per bank are disbursed to other banks to maintain full coverage of the Food Bank funds. Total cash on hand at June 30, 2022 was \$8,140,750.

FOOD BANK OF NORTHEAST LOUISIANA, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

Note 3 - Cash and Cash Equivalents (continued)

Food Bank of Northeast Louisiana, Inc. also has one certificate of deposit. The certificate of deposit had a fair value of \$51,132 at June 30, 2022 and was not considered cash equivalents. The certificate of deposit is covered by FDIC insurance.

Note 4 - Income Taxes

Food Bank of Northeast Louisiana, Inc. is a nonprofit corporation exempted from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made; however, should the organization engage in activities unrelated to its exempt purpose, taxable income could result. The organization had no material unrelated business income for the year ending June 30, 2022. The earliest income tax year that is subject to examination is 2019.

Note 5 - Property and Equipment

A summary of land, buildings, equipment and accumulated depreciation at June 30, 2022 is as follows:

| | <u>2022</u> |
|----------------------------|-------------------|
| Office Equipment | \$ 57,281 |
| Warehouse Equipment | 271,599 |
| Vehicles | 726,699 |
| Leasehold Improvements | 406,181 |
| Accumulated Depreciation | <u>(838,360)</u> |
| Net Property and Equipment | <u>\$ 623,400</u> |

Depreciation expense for the year ended June 30, 2022, was \$130,941.

Note 6 - Temporarily Restricted Net Assets

The Food Bank has temporarily restricted net assets totaling \$1,408,702 as of June 30, 2022. These net assets are restricted by either time or purpose stipulated by the donor. The United Way of Northeast Louisiana has pledged to give \$62,619 over the course of the year ending June 30, 2023, and this represents the total amount that is time restricted. The remaining \$1,346,083 is restricted by various donors for defined purposes.

Net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors. During the year ended June 30, 2022, \$669,675 was released after satisfying either the time or purpose requirements.

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

FOOD BANK OF NORTHEAST LOUISIANA, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

Note 7 - Promises to Give

Unconditional promises to give consist of the following:

| | <u>2022-2023</u> |
|-----------------------------------|------------------|
| United Way of Northeast Louisiana | \$ 62,619 |

Note 8 - Food Distributions

During 2022, the Food Bank distributed 1,637,353 pounds of donated food to the community valued at \$1.79 per pound, totaling \$2,860,097. The Food Bank also distributed 3,591,372 pounds of food through the USDA TEFAP program valued at fair market values established by USDA, valued at \$3,841,438. Lastly, the Food Bank distributed 574,425 pounds of purchased food valued at purchase prices totaling \$486,874. This resulted in a gross distribution of \$7,188,409, for the year ended June 30, 2022.

Note 9 - Inventory

The Food Bank receives products from the USDA TEFAP program, food purchases, and various donations. During 2022, approximately 6,194,000 pounds of products were received, from the following sources:

| | <u>2022</u> |
|----------------|----------------|
| USDA | 4,047,506 |
| Donated Food | 1,665,091 |
| Purchased Food | <u>481,403</u> |
| Total | 6,194,000 |

As of June 30, 2022, the Food Bank had approximately 1,331,731 total pounds of food on hand from the various sources. The USDA TEFAP program had 1,158,302 pounds of food available valued at \$1,106,038. The prices of USDA TEFAP program food vary by item and are set by the USDA. Food donated in the year ending June 30, 2022, is priced at \$1.79 per pound. As of that date, 131,377 pounds of donated product were in inventory, valued at \$234,085. The remaining 42,052 pounds were purchased and are valued at cost of \$42,659.

Note 10 - In-Kind Contributions

Unpaid volunteers have made contributions of time to the Food Bank. The value of that time is not reflected in these statements.

Note 11 - Commitments and Contingencies

Economic Dependence

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

FOOD BANK OF NORTHEAST LOUISIANA, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

Note 12 - Reclassifications

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

Note 13 - Leases

On May 1, 2019, the Food Bank entered into a three-year lease agreement for warehouse space. This lease automatically renewed for three additional years in May of 2022.

At renewal, the present value of the lease payments was recorded as a lease asset, and a corresponding lease liability was also recorded. The lease asset was recorded at \$403,896 with accumulated amortization of \$22,439 as of June 30, 2022.

Future minimum lease payments are as follows:

| Year Ended | Principal | Interest |
|-------------------------|-----------|----------|
| <u>June 30,</u> 2023 | \$136,144 | \$15,735 |
| 2024 | 122,047 | 4,520 |

Note 14 - Subsequent Events

Subsequent events have been evaluated through December 19, 2022, 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.

Note 15 - Prior Period Adjustment – New Accounting Standard

GASB Statement No. 87 on leases became effective for the year ending June 30, 2022. The new standard requires that lessees record a lease liability and intangible asset representing the lessee's right to use the leased asset. The leased asset is amortized over the course of the lease, and payments made on the lease are recorded against the corresponding liability and interest. The Food Bank has a long-term lease of their building, and the standard requires retroactive application.

The restatement of the beginning of the year net assets is as follows:

| | |
|---|---------------------|
| Net Assets as previously stated July 1, 2021 | \$ 9,340,847 |
| Net Change of Net Position due to changes from Adoption of GASB 87 | (9,520) |
| Net Assets as restated July 1, 2021 | <u>\$ 9,331,327</u> |

CAMERON, HINES & COMPANY

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Food Bank of Northeast Louisiana, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022, and the related statement of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 19, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit 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.

Report on Compliance and Other Matters

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

Purpose of this Report

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

Cameron, Hines & Company (APAC)

West Monroe, Louisiana
December 19, 2022

CAMERON, HINES & COMPANY

(A Professional Accounting Corporation)

Certified Public Accountants

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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

Opinion on Each Major Federal Program

We have audited the Food Bank of Northeast Louisiana, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Food Bank of Northeast Louisiana, Inc.'s major federal programs for the years ended June 30, 2022. 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.

In our opinion, the Food Bank of Northeast Louisiana, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of the major federal programs for the year ended June 30, 2022.

Basis of Opinion on Each 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 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 Food Bank of Northeast Louisiana, Inc., 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 Food Bank of Northeast Louisiana, Inc.'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 or grant agreements applicable to the Food Bank of Northeast Louisiana, Inc.'s federal programs.

Auditors' Responsibilities 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 Food Bank of Northeast Louisiana, Inc.'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 Food Bank of Northeast Louisiana, Inc.'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 Food Bank of Northeast Louisiana, Inc.'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 Food Bank of Northeast Louisiana, Inc.'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 Food Bank of Northeast Louisiana, Inc.'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 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 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 have not been 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.

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

Cameron, Hines & Company (APAC)

West Monroe, Louisiana
December 19, 2022

FOOD BANK OF NORTHEAST LOUISIANA, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022

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

We have audited the financial statements of Food Bank of Northeast Louisiana, Inc. as of and for the year ended June 30, 2021, and have issued our report thereon dated December 19, 2022. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of June 30, 2022, resulted in an unmodified opinion.

SECTION I - Summary of Auditors' Results

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

Internal Control

Material Weakness ___ yes X no

Significant Deficiencies not considered to be
 Material Weaknesses ___ yes X no

Compliance

Compliance Material to Financial Statements ___ yes X no

B. Federal Awards

Material Weakness Identified ___ yes X no

Significant Deficiencies not considered to be
 Material Weaknesses ___ yes X no

Type of Opinion on Compliance for Major Programs

Unmodified X Modified _____

Disclaimer _____ Adverse _____

Are there 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 – The Emergency Food Assistance Program

A.L. Number(s) 10.568, 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 JUNE 30, 2022 (CONTINUED)

Section II - Financial Statement Findings

There were no findings in this section.

Section III - Federal Award Findings and Questioned Costs

There were no findings in this section.

FOOD BANK OF NORTHEAST LOUISIANA, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

| <u>Federal Grants/Pass Through Grantor/Program Title</u> | <u>AL Number</u> | <u>Agency or Pass-Through Number</u> | <u>Pass-Through to Sub- recipients</u> | <u>Federal Expenditures</u> |
|---|----------------------|--|--|---------------------------------|
| U.S. Department of Agriculture: | | | | |
| Pass-through program from State Department of Agriculture and Forestry | | | | |
| Food Distribution Cluster | | | | |
| Food Commodities | 10.569 | N/A | \$ 2,826,002 | \$ 3,841,438 |
| Administrative Costs | 10.568 | N/A | - | 520,163 |
| Total Food Distribution Cluster | | | <u>\$ 2,826,002</u> | <u>\$ 4,361,601 *</u> |
| Total Expenditures of Federal Awards | | | <u>\$ 2,826,002</u> | <u>\$ 4,361,601</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 JUNE 30, 2022

1. **General**

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

2. **Basis of Accounting**

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

3. **Food Distribution**

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2022, the organization had food commodities totaling \$1,106,038 in inventory.

FOOD BANK OF NORTHEAST LOUISIANA, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2022

Internal Control and Compliance Material to the Financial Statements

No prior year findings.

Internal Control and Compliance Material to Federal Awards

This section is not applicable.

Management Letter

No management letter was issued.

FOOD BANK OF NORTHEAST LOUISIANA, INC.
SCHEDULE OF COMPENSATION, BENEFITS,
AND OTHER PAYMENTS TO AGENCY HEAD
JUNE 30, 2022

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

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

FOOD BANK OF NORTHEAST LOUISIANA, INC.

*Independent Accountants' Report on
Applying Agreed-Upon Procedures*

For the Year Ended June 30, 2022



CAMERON, HINES & COMPANY

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Certified Public Accountants

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of Food Bank of Northeast Louisiana, Inc. and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below 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 July 1, 2021 through June 30, 2022. Food Bank of Northeast Louisiana, Inc.'s management is responsible for those C/C areas identified in the SAUPs.

Food Bank of Northeast Louisiana, Inc. 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 July 1, 2021 through June 30, 2022. 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 and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity'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.

¹ For governmental organizations, the practitioner may eliminate those categories and subcategories not applicable to the organization's operations. For quasi-public organizations, including nonprofits, the practitioner may eliminate those categories and subcategories not applicable to public funds administered by the quasi-public.

- 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).
- 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.
- 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 (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.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- 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.
- l) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Findings: Twenty-seven exceptions noted where the entity's policies and procedures did not address required topics.

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

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 whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds⁴, and semi-annual budget-to-actual, at a minimum, on all special revenue funds⁷. *Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds⁵ if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
 - 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.

Findings: No exceptions noted.

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 accounts⁶ (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) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);

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

⁴ Proprietary and special revenue funds are defined under GASB standards. The related procedure addresses these funds as a way to verify that boards are provided with financial information necessary to make informed decisions about entity operations, including proprietary and special revenue operations that are not required to be budgeted under the Local Government Budget Act.

⁵ R.S. 24:513 (A)(1)(b)(iv) defines public funds.

⁶ Accounts selected may exclude savings and investment accounts that are not part of the entity's daily business operations.

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

Findings: No exceptions noted.

Collections (excluding electronic funds transfers)⁷

- 4. Obtain a listing of deposit sites⁸ 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).
- 5. For each deposit site selected, obtain a listing of collection locations⁹ 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 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/official verifies the reconciliation.
- 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.
- 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

⁷ The Collections category is not required to be tested if the entity has a third party contractor performing all collection functions (i.e., receiving collections, preparing deposits, and making deposits).

⁸ A deposit site is a physical location where a deposit is prepared and reconciled.

⁹ A collection location is a physical location where cash is collected. An entity may have one or more collection locations whose collections are brought to a deposit site for deposit. For example, in a school district a collection location may be a classroom and a deposit site may be the school office.

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:

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

Findings: Two exceptions noted where deposit was not supported by a receipt. We were unable to test whether the deposit was made within one business day for these receipts.

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).
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.

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

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) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.
 - b) Observe whether 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 cards¹⁰. Obtain management's representation that the listing is complete.
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 whether 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) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
 - b) Observe that finance charges and late fees were not assessed on the selected statements.
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)¹¹. 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

¹⁰ Including cards used by school staff for either school operations or student activity fund operations.

¹¹ For example, if 3 of the 5 cards selected were fuel cards, only 10 transactions would be selected for each of the 2 credit cards. Conceivably, if all 5 cards randomly selected under procedure #12 were fuel cards, Procedure #13 would not be applicable.

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.

Findings: No exceptions noted.

Travel and Travel-Related Expense Reimbursements¹² (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:
- a) If reimbursed using a per diem, observe the approved reimbursement rate is no more than 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 the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - c) Observe 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 each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Findings: No exceptions noted.

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:

¹² Non-travel reimbursements are not required to be tested under this category.

- a) Observe whether the contract was bid in accordance with the Louisiana Public Bid Law¹³ (e.g., solicited quotes or bids, advertised), if required by law.
- b) Observe whether 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 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 and officials¹⁴ employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
17. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
 - a) Observe all selected employees or officials¹⁵ documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.
 - c) Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
 - d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.
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

¹³ If the entity has adopted the state Procurement Code, replace "Louisiana Public Bid Law" with "Louisiana Procurement Code."

¹⁴ "Officials" would include those elected, as well as board members who are appointed.

¹⁵ "Officials" would include those elected, as well as board members who are appointed.

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.

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.

Findings: No exceptions noted.

*Ethics*¹⁶

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:
 - a. Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - 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.

Findings: The entity is a nonprofit organization; therefore, this procedure is not applicable.

*Debt Service*¹⁷

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

¹⁶ The Louisiana Code of Ethics is generally not applicable to nonprofit entities but may be applicable in certain situations, such as councils on aging. If ethics is applicable to a nonprofit, the procedures should be performed.

¹⁷ This AUP category is generally not applicable to nonprofit entities; however, if applicable, the procedures should be performed.

Findings: The entity has no debt instruments; therefore, this procedure is not applicable.

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.
24. Observe the entity has posted, on its premises¹⁸ and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.¹⁹

Findings: No exceptions noted.

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.
 - 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.
 - 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.

Findings: We performed the procedures and discussed the results with management.

¹⁸ Observation may be limited to those premises that are visited during the performance of other procedures under the AUPs.

¹⁹ This notice is available for download or print at www.lia.la.gov/hotline.

Sexual Harassment²⁰

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.
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).
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;
 - b) Number of sexual harassment complaints received by the agency;
 - c) Number of complaints which resulted in a finding that sexual harassment occurred;
 - d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - e) Amount of time it took to resolve each complaint.

Findings: This procedure is not applicable to the entity.

Management’s Response

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

We were engaged by Food Bank of Northeast Louisiana, Inc. 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.

²⁰ A private non-profit that is subject to audit by virtue of the receipt of public funds does not appear to be subject to the sexual harassment law, R.S. 42:341, et seq. However, the non-profit could be subject to the law as part of its agreement to receive the public funds.

We are required to be independent of Food Bank of Northeast Louisiana, Inc. 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.

Cameron, Hines & Company (APAC)

West Monroe, Louisiana
November 2, 2022