

**NORTHSHORE FOOD BANK**  
**COVINGTON, LOUISIANA**  
**FINANCIAL STATEMENTS**  
**AS OF AND FOR THE YEARS ENDED**  
**DECEMBER 31, 2023 AND 2022**



**ERICKSEN KRENTEL**<sup>LLP</sup>  
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
Northshore Food Bank  
Covington, LA

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of Northshore Food Bank (a nonprofit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Northshore Food Bank as of December 31, 2023 and 2022, 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.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Northshore Food Bank, 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 the 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 Northshore Food Bank's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.



To the Board of Directors of  
Northshore Food Bank  
July 30, 2024  
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***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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements 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 Northshore Food Bank's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Northshore Food Bank's ability to continue as a going concern for a reasonable period of time.

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



To the Board of Directors of  
Northshore Food Bank  
July 30, 2024  
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***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of compensation, benefits, and other payments to agency head, as required by Louisiana Revised Statute 24:513 A.(3), is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary 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 July 30, 2024 on our consideration of Northshore Food Bank's internal control over financial reporting and on our tests of their compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of Northshore Food Bank's 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 Northshore Food Bank's internal control over financial reporting and compliance.

July 30, 2024  
Mandeville, Louisiana

*Erickson Krentel, LLP*  
Certified Public Accountants

**NORTHSHORE FOOD BANK**  
**STATEMENTS OF FINANCIAL POSITION**  
DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<b><u>CURRENT ASSETS:</u></b>		
Cash and cash equivalents	\$ 2,435,774	\$ 2,555,216
Investments	1,199,749	258,693
Grants receivable	24,997	40,000
Inventory	163,167	213,106
Prepaid insurance	<u>47,457</u>	<u>34,411</u>
 Total current assets	 <u>3,871,144</u>	 <u>3,101,426</u>
<b><u>PROPERTY AND EQUIPMENT:</u></b>		
Land	256,846	256,846
Buildings	3,006,491	3,006,491
Vehicles	126,747	126,747
Equipment	119,563	119,563
Furniture	<u>39,160</u>	<u>39,160</u>
 Total property and equipment	 3,548,807	 3,548,807
Less: accumulated depreciation	<u>(650,706)</u>	<u>(547,896)</u>
 Property and equipment, net	 <u>2,898,101</u>	 <u>3,000,911</u>
 Total assets	 <u>\$ 6,769,245</u>	 <u>\$ 6,102,337</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

**NORTHSHORE FOOD BANK**  
**STATEMENTS OF FINANCIAL POSITION (CONTINUED)**  
DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<b><u>CURRENT LIABILITIES:</u></b>		
Accounts payable and accrued expenses	\$ 48,100	\$ 42,514
Security deposits	2,900	2,900
Deferred rental income	2,900	-
Deferred grant revenue	<u>-</u>	<u>15,000</u>
Total current liabilities	<u>53,900</u>	<u>60,414</u>
Total liabilities	<u>53,900</u>	<u>60,414</u>
<b><u>NET ASSETS:</u></b>		
Without donor restrictions	6,670,345	6,001,923
With donor restrictions	<u>45,000</u>	<u>40,000</u>
Total net assets	<u>6,715,345</u>	<u>6,041,923</u>
Total liabilities and net assets	<u>\$ 6,769,245</u>	<u>\$ 6,102,337</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

**NORTHSHORE FOOD BANK**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
<b><u>REVENUES AND SUPPORT:</u></b>			
Food Bank			
In-kind donations	\$ 644,439	\$ -	\$ 644,439
Donations	672,156	75,000	747,156
Grants	498,567	-	498,567
Investment income, net	77,600	-	77,600
Resale Shop			
In-kind donations	410,893	-	410,893
Sales	416,179	-	416,179
Donations	6,839	-	6,839
Rental income	34,800	-	34,800
Fundraising income	211,822	-	211,822
Other income	33,952	-	33,952
Net assets released from restrictions	70,000	(70,000)	-
	<u>3,077,247</u>	<u>5,000</u>	<u>3,082,247</u>
<b><u>EXPENSES:</u></b>			
Program expenses:			
Food Bank	1,575,115	-	1,575,115
Resale Shop	696,367	-	696,367
Emergency Assistance	1,937	-	1,937
Supporting services:			
General and administrative	95,723	-	95,723
Fundraising	39,683	-	39,683
	<u>2,408,825</u>	<u>-</u>	<u>2,408,825</u>
Change in net assets	668,422	5,000	673,422
Net assets, beginning of year	<u>6,001,923</u>	<u>40,000</u>	<u>6,041,923</u>
Net assets, end of year	<u>\$ 6,670,345</u>	<u>\$ 45,000</u>	<u>\$ 6,715,345</u>

See accompanying NOTES TO FINANCIAL STATEMENTS



**NORTHSHORE FOOD BANK**  
**STATEMENTS OF ACTIVITIES (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
<b><u>REVENUES AND SUPPORT:</u></b>			
Food Bank			
In-kind donations	\$ 687,501	\$ -	\$ 687,501
Donations	747,551	45,000	792,551
Grants	280,495	50,000	330,495
Investment loss, net	(37,662)	-	(37,662)
Resale Shop			
In-kind donations	314,581	-	314,581
Sales	296,187	-	296,187
Donations	3,081	-	3,081
Rental income	34,800	-	34,800
Fundraising income	223,169	-	223,169
Other income	1,711	-	1,711
Net assets released from restrictions	55,000	(55,000)	-
Total revenues and support	2,606,414	40,000	2,646,414
<b><u>EXPENSES:</u></b>			
Program expenses:			
Food Bank	1,499,458	-	1,499,458
Resale Shop	528,844	-	528,844
Emergency Assistance	1,498	-	1,498
Supporting services:			
General and administrative	110,559	-	110,559
Fundraising	35,551	-	35,551
Total expenses	2,175,910	-	2,175,910
Change in net assets	430,504	40,000	470,504
Net assets, beginning of year	5,571,419	-	5,571,419
Net assets, end of year	\$ 6,001,923	\$ 40,000	\$ 6,041,923

See accompanying NOTES TO FINANCIAL STATEMENTS

**NORTHSHORE FOOD BANK**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	Program Services			Supporting Services			Total	
	Food Bank	Resale Shop	Emergency Assistance	Program Total	General and Administrative	Fundraising		Support Total
Salaries	\$ 332,752	\$ 200,724	\$ -	\$ 533,476	\$ -	\$ -	\$ -	\$ 533,476
Payroll taxes	25,478	17,383	-	42,861	-	-	-	42,861
Food	970,564	-	-	970,564	-	-	-	970,564
Cost of goods sold	-	409,378	-	409,378	-	-	-	409,378
Supplies	14,771	2,063	-	16,834	-	-	-	16,834
Operating expenses	67,270	19,416	-	86,686	437	-	437	87,123
Insurance	56,907	12,437	-	69,344	5,348	-	5,348	74,692
Maintenance	39,943	6,035	-	45,978	316	-	316	46,294
Utilities	22,124	10,422	-	32,546	1,884	-	1,884	34,430
Special events	-	-	-	-	-	39,683	39,683	39,683
Depreciation	15,220	16,835	-	32,055	70,755	-	70,755	102,810
Professional fees	-	-	-	-	16,983	-	16,983	16,983
Miscellaneous	27,317	1,624	1,937	30,878	-	-	-	30,878
Advertising	2,769	50	-	2,819	-	-	-	2,819
<b>Total expenses</b>	<b>\$ 1,575,115</b>	<b>\$ 696,367</b>	<b>\$ 1,937</b>	<b>\$ 2,273,419</b>	<b>\$ 95,723</b>	<b>\$ 39,683</b>	<b>\$ 135,406</b>	<b>\$ 2,408,825</b>

See accompanying NOTES TO FINANCIAL STATEMENTS

**NORTHSHORE FOOD BANK**  
**STATEMENTS OF FUNCTIONAL EXPENSES (CONTINUED)**  
FOR THE YEAR ENDED DECEMBER 31, 2022

	Program Services			Supporting Services				Total
	Food Bank	Resale Shop	Emergency Assistance	Program Total	General and Administrative	Fundraising	Support Total	
Salaries	\$ 331,427	\$ 133,119	\$ -	\$ 464,546	\$ -	\$ -	\$ -	\$ 464,546
Payroll taxes	26,118	12,159	-	38,277	(147)	-	(147)	38,130
Food	922,006	-	-	922,006	-	-	-	922,006
Cost of goods sold	-	295,929	-	295,929	-	-	-	295,929
Supplies	8,450	4,255	-	12,705	-	-	-	12,705
Operating expenses	57,027	36,219	-	93,246	5,130	-	5,130	98,376
Insurance	39,308	8,881	-	48,189	4,636	-	4,636	52,825
Maintenance	36,793	4,314	-	41,107	1,968	-	1,968	43,075
Utilities	24,396	9,653	-	34,049	1,831	-	1,831	35,880
Special events	-	-	-	-	-	35,551	35,551	35,551
Depreciation	23,481	21,932	-	45,413	80,205	-	80,205	125,618
Professional fees	-	-	-	-	15,049	-	15,049	15,049
Miscellaneous	26,167	1,239	1,498	28,904	1,887	-	1,887	30,791
Advertising	4,285	1,144	-	5,429	-	-	-	5,429
<b>Total expenses</b>	<b>\$ 1,499,458</b>	<b>\$ 528,844</b>	<b>\$ 1,498</b>	<b>\$ 2,029,800</b>	<b>\$ 110,559</b>	<b>\$ 35,551</b>	<b>\$ 146,110</b>	<b>\$ 2,175,910</b>

See accompanying NOTES TO FINANCIAL STATEMENTS

**NORTHSHORE FOOD BANK**  
**STATEMENTS OF CASH FLOWS**  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<b><u>CASH FLOWS FROM (USED FOR)</u></b>		
<b><u>OPERATING ACTIVITIES:</u></b>		
Change in net assets	\$ 673,422	\$ 470,504
Adjustments to reconcile change in net assets to net cash from (used for) operating activities:		
Depreciation	102,810	125,618
Unrealized (losses) gains on investments	(66,154)	25,211
Realized (losses) gains on investments	8,561	11,682
(Increase) decrease in:		
Grants receivable	15,003	(40,000)
Inventory	49,939	(13,668)
Prepaid insurance	(13,046)	(14,343)
Increase (decrease) in:		
Accounts payable and accrued expenses	5,586	1,585
Deferred rental income	2,900	-
Deferred grant revenue	(15,000)	15,000
	<u>764,021</u>	<u>581,589</u>
Net cash from operating activities		
<b><u>CASH FLOWS FROM (USED FOR)</u></b>		
<b><u>INVESTING ACTIVITIES:</u></b>		
Purchases of investments	(1,648,121)	(364,070)
Proceeds from sale of investments	764,658	68,484
Purchases of property and equipment	<u>-</u>	<u>(100,581)</u>
	<u>(883,463)</u>	<u>(396,167)</u>
Net cash (used for) investing activities		
<b><u>CASH FLOWS FROM (USED FOR)</u></b>		
<b><u>FINANCING ACTIVITIES:</u></b>		
Principal payments on long-term debt	<u>-</u>	<u>(1,646)</u>
	<u>-</u>	<u>(1,646)</u>
Net cash (used for) financing activities		
Net (decrease) increase in cash and cash equivalents	(119,442)	183,776
Cash and cash equivalents, beginning of year	<u>2,555,216</u>	<u>2,371,440</u>
Cash and cash equivalents, end of year	<u>\$ 2,435,774</u>	<u>\$ 2,555,216</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

**NORTHSHORE FOOD BANK**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NATURE OF OPERATIONS**

**Nature of Activities**

Northshore Food Bank (“the Organization”) is a nonprofit organization located in Covington, Louisiana, whose purpose is to identify and address the needs of the poor in the parish of St. Tammany. The Organization includes the following programs:

The Food Bank provides perishable and non-perishable food items to single and multi-member households three times a week and for the holidays.

The Resale Shop offers a variety of clothing and household items at reduced prices.

The Emergency Assistance helps those individuals who are facing financial difficulties due to unforeseen circumstances with such expenses as utilities, rent, or pharmacy bills.

**Method of Accounting and Financial Reporting Framework**

Assets and liabilities and revenues and expenses are recognized on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as promulgated by the Financial Accounting Standards Board (FASB).

**Basis of Presentation**

The financial statement presentation follows the recommendations of the FASB Accounting Standard Codification (ASC) section 958, *Not-for-Profit Entities*. Under FASB ASC section 958, net assets, revenues and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization are classified as net assets with or without donor restrictions.

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization’s board may designate assets without restrictions for specific operational purposes from time to time.

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

**NORTHSHORE FOOD BANK**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2023 AND 2022**

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NATURE OF OPERATIONS (CONTINUED)**

**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 support and revenues and expenses during the period. Actual results could differ from those estimates.

**Cash and Cash Equivalents**

The Organization's management considers all unrestricted highly liquid debt instruments purchased with an initial maturity of three months or less to be cash equivalents.

**Investments**

Investments are recorded at fair market value based on market quotations and consist of mutual funds, money market accounts, stocks, and bonds. Gains and losses on investments are reported on the statement of activities as increases or decreases in net assets without donor restrictions. Dividend, interest and other investment income are reported in the period earned in the statement of activities as increases in net assets without donor restrictions. Investment return is presented net of investment fees.

The Organization discloses the fair value of its investments in a hierarchy that prioritizes the inputs to valuation techniques used to measure the fair value. Investments are recorded at fair value on a recurring basis. Nonrecurring fair value adjustments, if any, would typically involve donated property and equipment. There were no material nonrecurring fair value adjustments in 2023 and 2022. The three levels of the fair value hierarchy are described below:

Level 1 lies at the top of the hierarchy. Inputs are quoted prices in active markets.

Level 2 inputs are in the middle of the hierarchy, where data is adjusted from similar items traded in markets that are active markets or from identical or similar items in markets that are not active. Level 2 inputs do not stem directly from quoted prices.

Level 3 inputs are unobservable and require the entity to develop its own assumptions.

For assets that are measured at fair value on a recurring basis in periods after initial recognition, there were no transfers between Levels 1 and 2, or transfers into and out of Level 3 in 2023 and 2022. If such transfers were to occur, they would be recognized as of the actual date of the event.

**NORTHSHORE FOOD BANK**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2023 AND 2022**

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NATURE OF OPERATIONS (CONTINUED)**

**Investments (continued)**

No level 2 or level 3 inputs were used by the Organization during 2023 and 2022.

The Organization's measurements of fair value are made on a recurring basis, and their valuation techniques (no changes in 2023 and 2022) for assets and liabilities recorded at fair value are as follows:

Mutual Funds – Valued at the net asset value of shares on the last trading day of the fiscal year, which is the basis of transactions at that date.

**Resale Shop Inventory**

Resale Shop inventories are stated at the fair value at date of donation.

**Food Bank Inventory**

Inventory is comprised of donated food and purchased food. Donated food inventory, including food received, distributed and undistributed, is valued using the estimated fair value as determined by management. The average value used for the years ended December 31, 2023 and 2022 was \$1.15 and \$1.12 per pound, respectively.

Purchased food inventory is recorded at cost.

**Property and Equipment and Depreciation**

Property and equipment are recorded at cost. Depreciation is provided on the straight-line method over the estimated useful lives as follows:

Building	39 years
Vehicles	5 years
Equipment	7 years
Furniture	5 years

Additions and betterments of \$5,000 or more are capitalized, while maintenance and repairs that do not extend the useful lives of the respective assets are expensed in the current year. The Organization reviews its property for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If the fair value is less than the carrying amount of the asset, an impairment loss is recognized for the difference. No impairment loss has been recognized during the years ended December 31, 2023 and 2022.

**NORTHSHORE FOOD BANK**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2023 AND 2022**

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NATURE OF OPERATIONS (CONTINUED)**

**Compensated Absences**

The Organization allows regular full-time employees with a minimum of three months or 90 days of employment to receive compensated absences. Employees are eligible to carry over to the following year up to 1 week of unused compensated absences. As of December 31, 2023 and 2022, compensated absences was \$5,072 and \$4,482, respectively. Compensated absences are included in the accrued expenses in the statements of financial position.

**Donations and Grant Revenue**

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

A substantial number of volunteers have given extensive amounts of time and services to the Organization. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition under FASB ASC 958-605-50-1, *Accounting for Contributions Received and Contributions Made*.

**In-Kind Donations**

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial 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 in the period received. No amounts have been reflected in the statements for donated services because they did not meet the criteria for recognition under generally accepted accounting principles.

**Sales for Service Revenue**

Sales are derived from the Resale Store. Sales are recognized when the exchange transaction occurs. Charges for service are recognized when the procedure is complete.

**Rental Income**

The Organization considers contracts for rental income a single performance obligation that is satisfied over time. Payment is also due over time in installments. Rental income is recognized in the month it is earned. Rental payments received in advance are deferred until earned. All leases between the Company and the tenants of the property are operating leases.



**NORTHSHORE FOOD BANK**  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023 AND 2022

(1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NATURE OF OPERATIONS (CONTINUED)**

**Fundraising Income**

Fundraising income primarily generated from the annual golf tournament and gala, which are held in May and November, respectively. A portion of this revenue is recognized as a contribution and in part as an exchange transaction for the event when it occurs.

**Functional Allocation of Expenses**

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

**Income Taxes**

The Organization qualifies as a not-for-profit organization under 501(c)(3) of the Internal Revenue Code, and thus, is exempt from federal and state income taxes.

The Organization's evaluation as of December 31, 2023 revealed no tax positions that would have a material impact on the financial statements. The 2020 through 2022 tax years remain subject to examination by the IRS. The tax return for the year ended December 31, 2023 has not been filed as of the report date. The Organization does not believe that any reasonably possible changes will occur within the next twelve months that will have a material impact on the financial statements.

The Organization's 2023 Form 990 is on a valid extension.

**Advertising Costs**

The Organization expenses advertising cost as incurred. Advertising expense charged to operations for the years ended December 31, 2023 and 2022 was \$2,819 and \$5,429, respectively.

**New Accounting Pronouncements - Adopted**

The Organization has adopted the Current Expected Credit Losses (CECL) accounting standard, as per Accounting Standards Update (ASU) No. 2016-13, "*Financial Instruments – Credit Losses (Topic 326)*." The standard introduces a new model for estimating credit losses on financial instruments.

**NORTHSHORE FOOD BANK**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2023 AND 2022**

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NATURE OF OPERATIONS (CONTINUED)**

**New Accounting Pronouncements – Adopted (continued)**

After a thorough evaluation, management has determined that the impact of adopting the CECL standard on the financial statements is immaterial. The Organization has considered factors such as historical loss experience, current economic conditions, and other relevant factors in its credit loss estimation process. As a result, the adoption of the CECL standard has not had a material impact on the Organization's financial position, results of operations, or cash flows. The Organization will continue to monitor developments related to the CECL standard and will provide updates as necessary in future financial statement disclosures.

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842), which supersedes existing guidance for accounting for leases under Topic 840, *Leases*. The FASB also subsequently issued the following additional ASUs, which amend and clarify Topic 842: ASU 2018-01, *Land Easement Practical Expedient for Transition to Topic 842*; ASU 2018-10, *Codification Improvements to Topic 842, Leases*; ASU 2018-11, *Leases* (Topic 842): *Targeted Improvements*; ASU 2018-20, *Narrow-scope Improvements for Lessors*; ASU 2019-01, *Leases* (Topic 842): *Codification Improvements*; and ASU 2021-09, *Discount Rate for Lessees That are Not Public Business Entities*. The most significant change in the new leasing guidance is the requirement to recognize right-of-use (ROU) assets and lease liabilities for operating leases on the balance sheet. The Organization adopted these ASUs effective January 1, 2022, and utilized all of the available practical expedients. The adoption of this standard did not have a material impact on the financial statements.

**Date of Management Review**

Subsequent events have been valued through July 30, 2024, which is the date the financial statements were available to be issued.

**(2) LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The Organization had \$3,660,520 and \$2,853,909 available within one year of the balance sheet date to meet cash needs for general expenditures at December 31, 2023 and 2022, respectively. However, amounts already appropriated for general expenditure within one year of the balance sheet date have not been subtracted as unavailable.

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

**NORTHSHORE FOOD BANK**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
DECEMBER 31, 2023 AND 2022

**(3) INVESTMENTS**

Level 1 investments consisted of the following at December 31<sup>st</sup>:

	<u>2023</u>	<u>2022</u>
Corporate bonds	\$ 1,041,949	\$ 139,477
Equities	<u>157,800</u>	<u>119,216</u>
Total investments at fair value	<u>\$ 1,199,749</u>	<u>\$ 258,693</u>

Investment income consisted of the following at December 31<sup>st</sup>:

	<u>2023</u>	<u>2022</u>
Interest/dividend income	\$ 22,955	\$ 1,451
Realized gains (losses)	8,561	(11,682)
Unrealized gains (losses)	66,154	(25,211)
Investment fees	<u>(2,948)</u>	<u>(2,220)</u>
Total investment income (loss), net	<u>\$ 77,600</u>	<u>\$ (37,662)</u>

**(4) INVENTORY**

Inventory at December 31, 2023 and 2022 consisted of:

	<u>2023</u>	<u>2022</u>
Donated and purchased food	\$ 128,030	\$ 179,484
Donated resale store items	<u>35,137</u>	<u>33,622</u>
Total inventory	<u>\$ 163,167</u>	<u>\$ 213,106</u>

**(5) IN-KIND DONATIONS**

In-kind donations for the years ended December 31, 2023 and 2022 included in the financial statements were as follows:

	<u>2023</u>	<u>2022</u>
Food Bank:		
Donated food	\$ 635,188	\$ 687,501
Storage space	4,251	-
Software	<u>5,000</u>	<u>-</u>
Total Food Bank	644,439	687,501
Resale Shop:		
Thrift store inventory	<u>410,893</u>	<u>314,581</u>
	<u>\$ 1,055,332</u>	<u>\$ 1,002,082</u>

**NORTHSHORE FOOD BANK**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
DECEMBER 31, 2023 AND 2022

**(5) IN-KIND DONATIONS (CONTINUED)**

The Resale Shop received donated goods ranging from clothes to home furniture from the public. The assets are determined at fair market value based on the cost or by the sale of comparable items. These amounts are recorded as in-kind donations and program service expenses on the accompanying statements of activities. The value of the food commodities is determined at fair market value indicated by applying an average price per pound of food donated. The value of all other services and items donated, such as storage space and software, is determined at fair market value indicated by the donor. These amounts are recorded as contributed nonfinancial asset revenues and program service expenses on the accompanying statements of activities.

The Organization's policy related to gifts-in-kind is to utilize the assets given to carry out the mission of the Organization. If an asset is provided that does not allow the Organization to utilize it in its normal course of business, the asset will be sold at its fair market value as determined by appraisal or specialist depending on the type of asset.

All contributed nonfinancial assets received by the Organization for the years ended December 31, 2023 and 2022 were considered without donor restrictions and able to be used by the Organization as determined by the board of directors and management.

**(6) RESTRICTIONS ON NET ASSETS**

As of December 31, 2023 and 2022, net assets with donor restrictions consisted of the following:

	2023	2022
Time restriction	\$ -	\$ 40,000
Disaster Program	20,000	-
Staple Box Program	25,000	-
	\$ 45,000	\$ 40,000

As of December 31, 2023 and 2022, net assets released from restrictions consisted of the following:

	2023	2022
Time restriction	\$ 40,000	\$ 55,000
Produce Program	15,000	-
Fuel the Truck Program	10,000	-
Fundraising	5,000	-
	\$ 70,000	\$ 55,000

**NORTHSHORE FOOD BANK**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2023 AND 2022**

**(7) CONCENTRATIONS OF CREDIT RISK**

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents and receivables. The Organization's policy is to not require receivables to be collateralized.

The Organization maintains its cash and cash equivalents in several local financial institutions in Louisiana. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At December 31, 2023 and 2022, cash deposits in excess of the insured limits totaled \$204,746 and \$532,502, respectively. The Organization maintains cash and investment balances with investment brokerage firms. The Securities Investor Protection Corporation (SIPC) insures accounts at each institution up to \$500,000. The balances of cash and investments held by investment brokerage firms did not exceed SIPC insurance at December 31, 2023. The Organization has not experienced any losses in these accounts and management believes they are not exposed to any significant credit risk.

**(8) LEASES**

Effective March 2021, the Organization, as lessor, leased office space for a term of 60 months, through March 2026. The required monthly payment is \$2,900 from the effective date through March 2024 after which the monthly rental payment increases to \$3,100 through the end of the term.

The following is the schedule of the Organization's future minimum lease collections based on the lease agreement as of December 31, 2023:

2024	\$ 36,800
2025	37,200
2026	<u>6,200</u>
Total	\$ <u>80,200</u>

**(9) RECLASSIFICATIONS**

The Organization made certain reclassifications to prior period amounts to conform to the current year presentation. These reclassifications did not have a material effect on the financial statements.

**NORTHSHORE FOOD BANK**  
 SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD  
FOR THE YEAR ENDED DECEMBER 31, 2023

**(See Independent Auditors' Report)**

	Yvette Roussel CEO <hr/>
Time served	01/01/2023 through 12 31 2023 <hr/>
Salary	\$ <span style="float: right;">-</span> <hr/>
Total compensation, benefits, and other payments	\$ <span style="float: right;">-</span> <hr style="border-top: 3px double black;"/>

There were no payments for the benefit of the Executive Director that were derived from the public funds (state and/or local governmental funds and/or federal funds passed through a state or local government agency) that the Food Bank receives.



**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***

To the Board of Directors of  
Northshore Food Bank  
Covington, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Northshore Food Bank (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, 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 July 30, 2024.

**Report on Internal Control over Financial Reporting**

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

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

*A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2023-001 that we consider to be a significant deficiency.



**ERICKSEN KRENTEL**<sup>LLP</sup>

CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

To the Board of Directors of  
Northshore Food Bank  
July 30, 2024

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Northshore Food Bank’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2023-002.

### **Northshore Food Bank’s Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on Northshore Food Bank’s response to the findings identified in our audit and described in the accompanying schedule of findings and responses. Northshore Food Bank’s response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **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 Northshore Food Bank’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Northshore Food Bank’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

July 30, 2024  
New Orleans, Louisiana

*Erickson Krentel, LLP*

Certified Public Accountants



**NORTHSHORE FOOD BANK**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

**SECTION I - SUMMARY OF AUDITORS' REPORTS**

1. The auditors' report expresses an unmodified opinion on the financial statements of Northshore Food Bank.
2. No material weaknesses but one significant deficiency in internal control related to the audit of the financial statements are reported in the 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*.
3. One instance of noncompliance was reported in the 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*.

**SECTION II - FINANCIAL STATEMENT FINDINGS**

**Significant Deficiencies**

**Finding 2023-001 Improper Revenue Recognition**

Condition: The Organization adjusted grant revenue and cash to reflect an amount received from a grantor not spent during the year as of year-end.

Effect: Grant revenue and cash are understated.

Cause: The Organization historically expends all grant monies received during the year and was unfamiliar with the proper recording procedures for unspent grant monies.

Recommendation: The Organization should record grant revenue in accordance with the accrual basis of accounting.

View of Responsible Officials: See Management's Corrective Action plan for further information.

**NORTHSHORE FOOD BANK**  
**SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

**SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)**

**Noncompliance**

**Finding 2023-002 Noncompliance with Louisiana Audit Law Reporting Requirements**

Criteria: The Organization is required to provide an annual financial report to the Louisiana Legislative Auditor no later than six months after its year end in accordance with Louisiana Revised Statutes 24:513 and 24:514.

Condition: The Organization did not comply with these laws, submitting the required report after the required deadline.

Effect: The Organization is not in compliance with Louisiana Revised Statutes 24:513 and 24:514.

Cause: The Organization has not previously collected public monies and therefore was not familiar with the filing requirements.

Recommendation: The Organization should put additional policies and procedures in place to ensure that required annual reports are filed in a timely manner.

Views of Responsible Officials: See Management's Corrective Action plan for further information.

**NORTHSHORE FOOD BANK**  
**SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

**SECTION I - FINDINGS RELATED TO THE FINANCIAL STATEMENTS**

There were no findings related to the financial statements for the year ended December 31, 2022.

**SECTION II – MANAGEMENT LETTER ITEMS**

There was no management letter items for the year ended December 31, 2022.



July 30, 2024

Louisiana Legislative Auditor

Northshore Food Bank respectfully submits the following corrective action plan for the year ended December 31, 2023.

Name and address of independent public accounting firm:  
Ericksen Krentel, L.L.P.  
2895 Highway 190, Suite 213  
Mandeville, LA 70471

Audit Period: December 1, 2023 – December 31, 2023

The findings from the December 31, 2023 schedule of findings and responses are discussed below. The findings are numbered consistently with the number assigned in the schedule.

## **SECTION II - FINDINGS RELATED TO THE FINANCIAL STATEMENTS**

### **Significant Deficiencies**

#### **Finding 2023-001 Improper Revenue Recognition**

Recommendation: The Organization should record grant revenue in accordance with the accrual basis of accounting.

View of Responsible Officials: Northshore Food Bank misunderstood the application for recording unearned grant revenues. We are now aware and will record according with the accrual basis of accounting.

### **Noncompliance**

#### **Finding 2023-002 Noncompliance with Louisiana Audit Law Reporting Requirements**

Recommendation: The Organization should put additional policies and procedures in place to ensure that required annual reports are filed in a timely manner.

Views of Responsible Officials: Northshore Food Bank was unaware of this filing requirement. We will take the proper actions to ensure we file timely in the future.

If there are any questions regarding this plan, please contact Yvette Roussel, CEO, at (504)-613-7827.

Sincerely,

Yvette Roussel  
CEO