

The Food Bank of Central Louisiana

Alexandria, Louisiana

Financial Statements

June 30, 2020

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KnightMasden

A Professional Accounting Corporation

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Independent Auditors' Report

Board of Directors
The Food Bank of Central Louisiana
Alexandria, Louisiana

Report on the Financial Statement

We have audited the accompanying financial statements of The Food Bank of Central Louisiana (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Food Bank of Central Louisiana as of June 30, 2020, 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.

Report on Summarized Comparative Information

We have previously audited the Food Bank of Central Louisiana's 2019 financial statements, and our report dated December 11, 2019, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of compensation, benefits and other payments to executive director and the 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*, 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 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 15, 2020, on our consideration of the Food Bank of Central Louisiana'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 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 the Food Bank of Central Louisiana's internal control over financial reporting and compliance.



KnightMasden

Alexandria, Louisiana

December 15, 2020

The Food Bank of Central Louisiana
Statement of Financial Position
June 30

| | <u>2020</u> | 2019 Summarized <u>Total</u> |
|---|---------------------|------------------------------------|
| Assets | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 1,645,405 | \$ 40,005 |
| Investments | 1,054,301 | 1,025,253 |
| Accounts receivable | (8,699) | 12,342 |
| Pledges receivable, net of allowance for doubtful accounts | 84,042 | 90,925 |
| Grants receivable | 1,117,711 | 101,435 |
| Inventory | 1,404,922 | 1,097,421 |
| Prepaid expenses | <u>21,427</u> | <u>17,774</u> |
| Total Current Assets | 5,319,109 | 2,385,155 |
| Plant, Property and Equipment, net | 3,049,270 | 3,055,332 |
| Other Assets | | |
| Pledges receivable, net of allowance for doubtful accounts - long term | 31,168 | 143,613 |
| Restricted cash | <u>232,953</u> | <u>92,637</u> |
| Total Other Assets | <u>264,121</u> | <u>236,250</u> |
| Total Assets | <u>\$ 8,632,500</u> | <u>\$ 5,676,737</u> |
| Liabilities and Net Assets | | |
| Current Liabilities | | |
| Accounts payable | \$ 70,852 | \$ 88,170 |
| Payroll liabilities | 40,919 | 47,707 |
| Notes payable | <u>194,640</u> | <u>82,405</u> |
| Total Current Liabilities | 306,411 | 218,282 |
| Long Term Liabilities | <u>297,956</u> | <u>486,942</u> |
| Total Liabilities | 604,367 | 705,224 |
| Net Assets | | |
| without Donor Restrictions | 5,542,392 | 3,086,999 |
| with Donor Restrictions | <u>2,485,741</u> | <u>1,884,514</u> |
| Total Net Assets | <u>8,028,133</u> | <u>4,971,513</u> |
| Total Liabilities and Net Assets | <u>\$ 8,632,500</u> | <u>\$ 5,676,737</u> |

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

The Food Bank of Central Louisiana
Statement of Activities
For the Years Ended June 30

| | <u>without</u> Donor <u>Restrictions</u> | <u>2020</u> with Donor <u>Restrictions</u> | <u>Total</u> | <u>2019</u> Summarized <u>Total</u> |
|---|--|---|---------------------|---|
| Revenues | | | | |
| Contributions, gifts and grants | \$ 1,323,615 | \$ 3,213,199 | \$ 4,536,814 | \$ 2,280,069 |
| Contributions, gifts and grants (in-kind) | 4,271,817 | 4,468,133 | 8,739,950 | 7,418,265 |
| Fundraising income | 112,778 | - | 112,778 | 84,770 |
| Investment income | 30,128 | - | 30,128 | 17,940 |
| Program service revenue | 74,504 | - | 74,504 | 86,535 |
| Other income | 5,964 | - | 5,964 | 11,034 |
| Total Revenues | <u>5,818,806</u> | <u>7,681,332</u> | <u>13,500,138</u> | <u>9,898,613</u> |
| Net Assets released from restrictions | 7,080,105 | (7,080,105) | - | - |
| Functional Expenses | | | | |
| Program services | 9,896,692 | - | 9,896,692 | 8,791,244 |
| Management and general | 197,069 | - | 197,069 | 253,964 |
| Fund raising | 349,757 | - | 349,757 | 289,321 |
| Total Functional Expenses | <u>10,443,518</u> | <u>-</u> | <u>10,443,518</u> | <u>9,334,529</u> |
| Change in Net Assets | 2,455,393 | 601,227 | 3,056,620 | 564,084 |
| Net Assets - Beginning | <u>3,086,999</u> | <u>1,884,514</u> | <u>4,971,513</u> | <u>4,407,429</u> |
| Net Assets - Ending | <u>\$ 5,542,392</u> | <u>\$ 2,485,741</u> | <u>\$ 8,028,133</u> | <u>\$ 4,971,513</u> |

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

The Food Bank of Central Louisiana
Statement of Cash Flows
For the Years Ended June 30

| | <u>2020</u> | 2019 <u>Summarized Total</u> |
|--|---------------------|-------------------------------------|
| Cash Flows from Operating Activities | | |
| Change in Net Assets | \$ 3,056,620 | \$ 564,084 |
| Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities | | |
| Depreciation | 194,002 | 186,915 |
| (Increase) decrease in receivables | (875,907) | 106,319 |
| (Increase) decrease in prepaid expenses | (3,653) | (3,206) |
| (Increase) decrease in donated inventory | (307,501) | 47,369 |
| Increase (decrease) in accounts payable | (17,319) | 7,423 |
| Increase (decrease) in other liabilities | <u>(6,788)</u> | <u>(6,794)</u> |
| Net Cash Provided/(Used) by Operating activities | 2,039,454 | 902,110 |
| Cash flows from Investing Activities | | |
| Purchase of fixed assets | (187,940) | (16,410) |
| Purchase of investments | <u>(29,048)</u> | <u>(1,025,253)</u> |
| Net Cash Provided/(Used) by Investing Activities | (216,988) | (1,041,663) |
| Cash flows from Financing Activities | | |
| Draw on line of credit | 108,441 | - |
| Repayment of debt | <u>(185,191)</u> | <u>(53,722)</u> |
| Net Cash Provided/(Used) by Financing Activities | <u>(76,750)</u> | <u>(53,722)</u> |
| Net Increase (Decrease) in Cash and Cash equivalents | 1,745,716 | (193,275) |
| Cash and Cash Equivalents - Beginning | <u>132,642</u> | <u>325,917</u> |
| Cash and Cash Equivalents - Ending | <u>\$ 1,878,358</u> | <u>\$ 132,642</u> |
| Consisting of: | | |
| Cash and cash equivalents | \$ 1,645,405 | \$ 40,005 |
| Restricted cash | <u>232,953</u> | <u>92,637</u> |
| Total | <u>\$ 1,878,358</u> | <u>\$ 132,642</u> |
| Cash paid for interest | <u>\$ 23,505</u> | <u>\$ 23,828</u> |

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

The Food Bank of Central Louisiana
Statement of Functional Expenses
For the Years Ended June 30

| | Program <u>Services</u> | Management <u>and General</u> | Fund <u>Raising</u> | 2020 <u>Total</u> <u>Expenses</u> | 2019 <u>Summarized</u> <u>Total</u> |
|-------------------------|----------------------------|----------------------------------|------------------------|---|---|
| Food costs | \$8,631,172 | \$ - | \$ - | \$ 8,631,172 | \$ 7,535,663 |
| Freight | 62,536 | - | - | 62,536 | 145,886 |
| Contract labor | 23,865 | - | - | 23,865 | 13,405 |
| Insurance | 61,576 | 8,442 | 1,626 | 71,644 | 64,027 |
| Lease | 44,250 | 1,050 | 420 | 45,720 | 8,457 |
| Repairs and maintenance | 86,874 | - | - | 86,874 | 78,996 |
| Supervision expense | 50,811 | - | - | 50,811 | 62,715 |
| Volunteer expense | 812 | - | - | 812 | 2,835 |
| Warehouse expense | 50,269 | 1,183 | - | 51,452 | 27,967 |
| Depreciation | 174,602 | 19,400 | - | 194,002 | 186,915 |
| Direct mail | - | - | 110,645 | 110,645 | 119,506 |
| Other fundraising | - | - | 64,294 | 64,294 | 64,316 |
| Payroll expenses | 524,225 | 113,067 | 81,328 | 718,620 | 715,062 |
| Advertising | 1,277 | - | - | 1,277 | 22,949 |
| Bad debt | - | 5,195 | - | 5,195 | 54,600 |
| Bank charges | - | - | 4,012 | 4,012 | 3,258 |
| Dues and subscriptions | - | 7,744 | - | 7,744 | 9,804 |
| Education and seminars | - | 1,831 | - | 1,831 | 4,112 |
| Public relations | - | - | 668 | 668 | 513 |
| Other program expense | 62,610 | - | 37,987 | 100,597 | 29,469 |
| Meals | - | 2,766 | - | 2,766 | 4,384 |
| Security | 4,600 | 1,000 | - | 5,600 | 1,461 |
| Software maintenance | 8,790 | 4,000 | 6,000 | 18,790 | 10,323 |
| Telephone | 7,515 | 2,000 | 1,500 | 11,015 | 9,726 |
| Travel | 10,011 | 2,500 | 2,500 | 15,011 | 16,429 |
| Utilities | 59,810 | 580 | 1,320 | 61,710 | 51,404 |
| Interest | 21,155 | 2,350 | - | 23,505 | 34,269 |
| Taxes and licenses | 967 | - | - | 967 | 1,462 |
| Legal and professional | - | 20,350 | - | 20,350 | 16,599 |
| Office expense | 8,965 | 3,611 | 37,457 | 50,033 | 38,017 |
| | <u>\$9,896,692</u> | <u>\$ 197,069</u> | <u>\$ 349,757</u> | <u>\$10,443,518</u> | <u>\$ 9,334,529</u> |

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

The Food Bank of Central Louisiana
Notes to the Financial Statements
For the Year Ended June 30, 2020

Note 1 – Nature of Activities and Significant Accounting Policies

Nature of Activities

The Food Bank of Central Louisiana (Food Bank) is a not-for-profit organization that gathers, stores and redistributes food to individuals and charitable organizations and churches that serve the needy. Food sources include donations from individuals, corporations and organizations; purchased food; and the USDA Commodities program.

During the year ended June 30, 2011, the Food Bank began the Good Food Project. The project supplies the Food Bank with fresh produce to distribute and working with other organizations and individuals to start other community gardens. The project also helps promote healthy eating, through locally grown produce to the community, encourage local farmers and other food producers to participate in a local food network, and target education for needy clients of the Food Bank on healthy eating and growing produce.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with the generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of Food Bank and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions – Net assets not subject to donor-imposed stipulations.

Net Assets with Donor Restrictions – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of Food Bank and/or the passage of time or be permanently maintained by Food Bank. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

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. Accordingly, actual results could differ from those estimates. Significant estimates have been applied in the determination of donated food values and depreciation in preparation of the accompanying financial statements.

The Food Bank of Central Louisiana
Notes to the Financial Statements
For the Year Ended June 30, 2020

Note 1 – Nature of Activities and Significant Accounting Policies (Continued)

Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and highly liquid investments with original maturities of less than three months.

Revenue Recognition and Promises to Give

Contributions are recognized when the donor makes an unconditional promise to give to the Food Bank. All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Functional Allocation of Expenses

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

Income Taxes

The Food Bank is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes on related income pursuant to Section 501(a) of the Internal Revenue Code.

Food Inventory

Donated and Purchased – Food inventory, predominately donated, is reported at fair value as determined by pricing guidelines produced by *Feeding America*. Donated food inventory received is recorded as unrestricted revenue at an amount equal to the determined value in accordance with the aforementioned guidelines.

Commodities – Commodities inventory is reported at fair value as determined by the commodities price listing produced by the Louisiana Department of Agriculture and Forestry. Commodities inventory received is recorded as temporarily restricted revenue at an amount equal to the determined value in accordance with the aforementioned guidelines.

Property and Equipment

Property and equipment are stated at cost. Additions, renewals and betterments that extend the useful life of the assets are capitalized. Maintenance and repair expenditures are expensed as incurred. Provisions for depreciation and amortization are computed using the straight-line method over the assets' useful lives, which range from 3 to 39 years. Capitalization threshold of \$2,500 is used.

The Food Bank of Central Louisiana
Notes to the Financial Statements
For the Year Ended June 30, 2020

Note 1 – Nature of Activities and Significant Accounting Policies (Continued)

Accounts Receivable

The Food Bank determines past-due accounts based on contractual terms of net 30 and does not charge interest on the accounts. The Food Bank charges off receivables if management considers the collection of the outstanding balance to be doubtful. No allowance is recorded because management believes all accounts to be collectable.

Pledges Receivable

The Food Bank determines past-due pledges based on the terms of the pledges. The Food Bank charges off pledges if management considers the outstanding balance to be uncollectible. Allowance for doubtful accounts is computed using the aging of the receivable.

Note 2 – Pledges Receivable

Pledges receivable are presented at their net present value. The net present value was calculated using the five year Treasury Note rate of 2.73%. Pledges receivable are due as follows:

| <u>Year Due</u> | <u>Gross Amount</u> | <u>Net Present Value</u> |
|---------------------------------|-------------------------|------------------------------|
| 2021 | \$102,375 | \$102,375 |
| 2022 | 15,377 | 14,968 |
| 2023 | 9,700 | 9,191 |
| 2024 | <u>7,700</u> | <u>7,103</u> |
| | <u>\$135,152</u> | 133,637 |
| Allowance for doubtful accounts | | <u>(18,427)</u> |
| Total | | <u>\$115,210</u> |
| | | |
| Reported as | | |
| Short-term pledges receivable | | \$ 84,042 |
| Long-term pledges receivable | | <u>31,168</u> |
| Total | | <u>\$115,210</u> |

The Food Bank of Central Louisiana
Notes to the Financial Statements
For the Year Ended June 30, 2020

Note 3 - Investments

Food Bank has one investment account that houses its endowment and is held at a regional investment company. The account has investments in several different marketable securities and cash. Investments held in this account at June 30, 2020 had a total value of \$1,054,301.

Details regarding amount reported as investment income are presented as follows:

| | |
|-----------------------------|---------------------|
| <u>Description</u> | |
| Interest and Dividends | \$35,172 |
| Unrealized Gains | <u>(5,044)</u> |
| Total Investment Income | <u>\$30,128</u> |

Note 4 – Fixed Assets and Depreciation

The following schedule summarizes estimated useful life, cost and accumulated depreciation of property, plant and equipment as of June 30, 2020:

| | | |
|--------------------------------|-------------|------------------------|
| <u>Description</u> | <u>Life</u> | |
| Equipment | 5 - 7 years | \$1,109,768 |
| Building | 39 years | 3,212,232 |
| Land | | 90,647 |
| Less: Accumulated Depreciation | | <u>(1,363,377)</u> |
| Net Fixed Assets | | <u>\$3,049,270</u> |

Depreciation expense for the year ended June 30, 2020 was \$194,002.

Note 5 – Restricted Cash

Restricted cash as of June 30, 2020 totaled \$232,953, and were restricted for the following purposes:

| | |
|--------------------|----------------------|
| <u>Restriction</u> | <u>Amount</u> |
| Good Food Project | \$165,330 |
| COVID Related | 44,678 |
| Backpack | 14,485 |
| FEMA | <u>8,460</u> |
| Total | <u>\$232,953</u> |

FEMA requires that the funds be kept in a separate bank account.

The Food Bank of Central Louisiana
Notes to the Financial Statements
For the Year Ended June 30, 2020

Note 6 – Donor Restricted Net Assets

Donor restricted net assets as of June 30, 2020 total \$2,485,741, and were restricted for the following purposes:

| <u>Restriction</u> | <u>Amount</u> |
|----------------------------|-------------------------|
| Good Food Project | \$165,329 |
| BackPack Program | 14,485 |
| COVID | 390,568 |
| FEMA Food Purchase | 13,511 |
| USDA Commodities Inventory | 879,348 |
| Endowment | <u>1,022,500</u> |
| Total | <u>\$ 2,485,741</u> |

Note 7 – Donated Food

Activity of donated food inventory is summarized as follows:

| | |
|---|------------------------|
| <u>without Donor Restriction</u> | |
| Beginning Inventory without Donor Restriction | \$ 390,882 |
| Donations received | 4,271,818 |
| Purchases | 198,888 |
| Distributed, discarded and adjustments | <u>(4,336,014)</u> |
| Ending Inventory without Donor Restriction | 525,574 |
| <u>with Donor Restriction</u> | |
| Beginning Inventory with Donor Restriction | 706,539 |
| Donations received | 4,468,133 |
| Distributed, discarded and adjustments | <u>(4,295,324)</u> |
| Ending Inventory with Donor Restriction | <u>879,348</u> |
| Total Ending Inventory | <u>\$1,404,922</u> |

Note 8 – Donated Services

Unpaid volunteers have made significant contributions of their time to the Food Bank. The value of the contributed time is not reflected in these statements since it is not susceptible to an objective measurement.

The Food Bank of Central Louisiana
Notes to the Financial Statements
For the Year Ended June 30, 2020

Note 9 – Retirement Plan

The Food Bank adopted a Simple Plan for its employees. The Plan covers all full time employees who have completed at least one year of service. The Food Bank is obligated to match up to 100% of an employee’s deferred amount, which cannot exceed 3% of their pay. The Food Bank contributed \$7,663 to this Plan during the year ended June 30, 2020.

Note 10 – Leases

The Food Bank is obligated to the following leases, which are classified as operating leases:

- a) Copier Lease – This lease was entered into on November 10, 2005, and is for \$350 per month for an undetermined number of payments.
- b) Building Lease – This lease was entered into on April 7, 2020 and is for \$2,000 per month on a month to month basis.

Future minimum lease obligations for the next five years are:

| Years Ended | <u>Amounts</u> |
|----------------|----------------|
| <u>June 30</u> | |
| 2021 | \$4,200 |
| 2022 | \$4,200 |
| 2023 | \$4,200 |
| 2024 | \$4,200 |
| 2025 | \$4,200 |

The total lease payments made during the year ended June 30, 2020 was \$45,720.

Note 11 – Notes Payable

Note payable to Red River Bank for \$374,421; dated October 23, 2018; payable in 59 monthly payments of \$2,974.44; balloon payment due October 23, 2023; collateralized by Client Services Building, with interest rate of 5.00%. \$ 230,817

Note payable to Chandler Corporation, LLC for purchase of building located at 3142 Baldwin Avenue, Alexandria, LA; dated December 20, 2012; collateralized by same building; payable in 120 monthly payments of \$3,219.59; with interest rate of 6.00%. 87,225

Note payable to Red River Bank for purchase of a 2018 International Truck; dated August 10, 2017; collateralized by same truck; payable in 72 monthly payments of \$1,342.36; with interest rate of 4.25%. 47,608

The Food Bank of Central Louisiana
Notes to the Financial Statements
For the Year Ended June 30, 2020

Note 11 – Notes Payable (continued)

| | |
|---|------------------|
| Note payable to Recycling Services of Louisiana, LLC for the purchase of a cardboard bailer; dated May 12, 2017; no cash payments are required; the bailed cardboard sold will be applied to the balance due; there is no stated interest rate. | 11,898 |
| Note payable to Kabbage as part of the Payroll Protection Program, dated May 19, 2020; with interest rate of 1.00%. | 108,441 |
| Note payable to Red River Bank for purchase of forklift; dated June 11, 2019; collateralized by forklift; payable in 24 monthly payments of \$605.83; with interest rate of 6.00%. | <u>6,967</u> |
| Total | 492,596 |
| Less current portion | <u>(194,640)</u> |
| Total long term notes payable | <u>\$297,956</u> |

Future maturities of notes payable as of June 30, 2020 were as follows:

| Years Ended | <u>Amounts</u> |
|----------------|----------------|
| <u>June 30</u> | |
| 2021 | \$194,640 |
| 2022 | \$ 71,175 |
| 2023 | \$ 52,144 |
| 2024 | \$174,637 |

Note 12 – Fair Value Measurement

FASB ACS 820-10, Fair Value Measurement, defines fair value, establishes a framework for measuring fair value, establishes a three-level valuation hierarchy for disclosure of fair value measurement and enhances disclosure requirements for fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of the fair value of an asset or liability as of the measurement date. The three levels are defined as follows:

Level 1 – Represented by quoted prices that are available in an active market. Level 1 securities include highly liquid government bonds, treasury securities, mortgage products and exchange traded equities.

The Food Bank of Central Louisiana
Notes to the Financial Statements
For the Year Ended June 30, 2020

Note 12 – Fair Value Measurement (Continued)

Level 2 – Represented by assets and liabilities similar to Level 1 where quoted prices are not available, but are observable, either directly or indirectly through corroboration with observable market data and estimated using pricing models or discounted cash flows. Level 2 securities would include U.S. agency securities, mortgage-backed agency securities, obligations of states and political subdivisions, and certain corporate, asset backed securities, and swap agreements.

Level 3 – Represented by financial instruments where there is limited activity or unobservable market prices and pricing models significant to determining the fair value measurement include the reporting entity's own assumptions about the market risk. Level 3 securities would include hedge funds, private equity securities, and private investments in public entities.

Fair value of assets measured on a recurring basis at June 30, 2020 are as follows:

| <u>Description</u> | <u>Fair Value Measurement at June 30, 2020 Using</u> | | | |
|--------------------|--|----------------|----------------|----------------|
| | <u>Fair Value</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> |
| Cash | \$1,878,358 | \$1,878,358 | \$ - | \$ - |
| Investments | \$1,054,301 | \$1,054,301 | | |

Note 13 – Endowment Funds

The Food Bank's endowment consists of one investment account to provide unrestricted annual distributions in support of the Food Bank.

Endowment Spending Policy

The Food Bank has a policy of quarterly cash payout from endowed and quasi funds based on a stated formula. The formula is based on the fair market value of the twelve quarterly ending balances of fund prior to the state of each January. These funds can be used for operations. Payouts will begin July 2022. The board will determine the payout percentage each year not to exceed 4%.

Endowment Investment Policy

The obligation of the Food Bank is long-term in nature; consequently, the investment of the endowment assets has a long-term focus. The endowment assets are invested in accordance with sound investment practices that emphasize long-term investment fundamentals. The investment objective for the portfolio assets is to maintain the highest fiduciary standards.

The board of directors expects performance to be comparable to benchmarks as referred to in the endowment policy. The Food Bank has an assets allocation strategy that is a mix of fixed and equity investments.

The Food Bank of Central Louisiana
Notes to the Financial Statements
For the Year Ended June 30, 2020

Note 13 – Endowment Funds (continued)

Changes in Endowment Net Assets

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|-----------------------|---|--|--------------------|
| Balance June 30, 2019 | \$15,234 | \$1,010,019 | \$1,025,253 |
| Contributions | - | - | - |
| Investment Revenue | 29,048 | - | 29,048 |
| Withdrawals | - | - | - |
| Balance June 30, 2020 | <u>\$44,282</u> | <u>\$1,010,019</u> | <u>\$1,054,301</u> |

Endowment Net Assets Composition by Type of Fund

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|------------------|---|--|--------------|
| Donor-Restricted | \$44,282 | \$1,010,019 | \$1,054,301 |

Note 14 – Concentrations of Risk

Inventory donations make up approximately 74% of the Food Bank’s operating revenues for the year ended June 30, 2020. The majority of the inventory donations are received from Feeding America and U.S. Department of Agriculture through the Louisiana Department of Agriculture and Forestry. The Food Bank is dependent on continuing support by these agencies.

Note 15 – Subsequent Events

On November 16, 2020, The Food Bank sent a demand letter to a subrecipient in the amount of \$132,036.59. This amount is equal to the value of the USDA food that the agency received. The demand letter was sent because the agency was not operating according to the terms of the agreement with the Food Bank. The Food Bank is working in conjunction with the Louisiana Department of Agriculture and Forestry to rectify this situation.

Subsequent events have been evaluated through December 15, 2020, which is the date the financial statements were available for issuance.

Note 16 – Income Taxes

As of June 30, 2020, tax years 2017 and subsequent were still within the prescription period for examination by taxing authorities.

The Food Bank of Central Louisiana
Schedule of Federal Awards
For the Year Ended June 30, 2020

| <u>Federal Grantor/Pass-through Grantor</u> | <u>Federal CDFA Number</u> | <u>Pass- through Identifying Number</u> | <u>Pass- through to Sub- recipients</u> | <u>Federal Expenditures</u> |
|--|------------------------------------|---|---|---------------------------------|
| U. S. Department of Agriculture – Emergency Food Assistance Program | | | | |
| Indirect Programs: | | | | |
| Louisiana Department of Agriculture and Forestry | 10.569 | | \$2,288,162 | \$ 4,295,324 |
| Louisiana Department of Agriculture and Forestry | 10.568 | | | <u>415,259</u> |
| Total for Emergency Food Assistance Program | | | | <u>4,710,583</u> |
| State Administrative Funding for the Food Stamp Program | | | | |
| Indirect Programs: | | | | |
| Louisiana Department of Agriculture and Forestry | 10.561 | | | <u>30,480</u> |
| Total U. S. Department of Agriculture | | | | 4,741,063 |
| U. S. Department Homeland Security | | | | |
| Direct Program | | | | |
| Emergency Food and Shelter Program | 97.024 | | - | <u>15,000</u> |
| Total Expenditures of Federal Awards | | | <u>\$2,288,162</u> | <u>\$ 4,756,063</u> |

The Food Bank of Central Louisiana
Notes to the Schedule of Federal Awards
For the Year Ended June 30, 2020

Note A – Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of The Food Bank of Central Louisiana (Food Bank) and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note B – Food Distribution

Non-monetary assistance is reported in the schedule at the estimated cost of the commodities disbursed. At June 30, 2020, the organization has USDA commodities valued at \$879,348 in inventory.

Note C – Sub-Recipients

Most of the commodities distributed are done so to eligible recipient agencies considered to be sub-recipients of the Food Bank.

Note D – Indirect Cost Rate Election

The Food Bank did not elect to use the 10% de minimis indirect cost rate during the year ended June 30, 2020.



KnightMasden

A Professional Accounting Corporation

John E. Theriot II, CPA, CGMA

Dona C. Manuel, CPA

Stephanie R. Lemoine, CPA

Independent Auditor's 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
The Food Bank of Central Louisiana
Alexandria, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The Food Bank of Central Louisiana (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 15, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered The Food Bank of Central Louisiana's internal control over financial reporting (internal control) 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 The Food Bank of Central Louisiana's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

Our consideration of internal control was for the limited 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 limitation, 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.

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Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana statutes, this report is distributed by the Legislative Auditor as a public document.



KnightMasden
Alexandria, Louisiana
December 15, 2020



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

Board of Directors
The Food Bank of Central Louisiana
Alexandria, Louisiana

Report on Compliance for Each Major Federal Program

We have audited The Food Bank of Central Louisiana'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 The Food Bank of Central Louisiana's major federal programs for the year ended June 30, 2020. The Food Bank of Central Louisiana's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of The Food Bank of Central Louisiana's compliance.

Opinion on Each Major Federal Program

In our opinion, The Food Bank of Central Louisiana 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 its major federal programs for the year ended June 30, 2020.

Other Matters

The results of our auditing procedures did not disclose any instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance. Our opinion on each major federal program is not modified with respect to these matters.

Food Bank of Central Louisiana's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Food Bank's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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

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

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

The Food Bank of Central Louisiana

Page 3

December 15, 2020

deficiencies in internal control over compliance that we considered to be a material weakness. However, a material weakness may exist that has not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. Under Louisiana statutes, this report is distributed by the Legislative Auditor as a public document.

Knight Masden

KnightMasden

Alexandria, Louisiana

December 15, 2020

The Food Bank of Central Louisiana
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

A. Summary of Auditors' Results

1. The auditors' report expresses an unmodified opinion on the financial statements of The Food Bank of Central Louisiana.
2. No material weakness was disclosed during the audit of the financial statements and is reported in the *Independent Auditor's 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. No instance of noncompliance material to the financial statements of The Food Bank of Central Louisiana, which would be required to be reported in accordance with *Government Auditing Standards*, was disclosed during the audit.
4. No material weaknesses in internal control over major federal award programs disclosed during the audit is reported in the *Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance*.
5. The auditors' report on compliance for the major federal award program administered by The Food Bank of Central Louisiana expresses an unmodified opinion.
6. Audit findings that are required to be reported in accordance with the Uniform Guidance are reported in Section C of this schedule.
7. The programs tested as major programs include:

| | |
|-----------------------------------|---------------------|
| Emergency Food Assistance Program | <u>CFDA Numbers</u> |
| | 10.568 |
| | 10.569 |
8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. The Food Bank of Central Louisiana does not qualify as a low-risk auditee.

The Food Bank of Central Louisiana
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

B. Findings – Financial Statement Audit

INTERNAL CONTROL AND COMPLIANCE FINDING

No Findings

C. Findings and Questioned Costs – Major Federal Award Programs Audit

DEPARTMENT OF AGRICULTURE

Passed through the State of Louisiana

No Findings

The Food Bank of Central Louisiana
Management's Corrective Action Plan
For the Year Ended June 30, 2020

No Current Year Findings

The Food Bank of Central Louisiana
Summary of Prior Year Audit Findings
For the Year Ended June 30, 2020

2019-001 Subrecipient Monitoring

Condition:

All subrecipients receiving USDA commodities did not undergo an annual review in a timely manner.

Current Year Condition:

Finding Resolved.

The Food Bank of Central Louisiana
Schedule of Compensation, Benefits and Other Payments to Jayne Wright-Velez,
Executive Director Paid with Government Funds
For the Year Ended June 30, 2020

| <u>Purpose</u> | <u>Amount</u> |
|-------------------------------|----------------------|
| Salary | \$ 8,680 |
| Benefits - insurance | 1,069 |
| Benefits - retirement | 255 |
| Travel/mileage reimbursements | 95 |
| Registration fees | <u>50</u> |
| | <u>\$ 10,149</u> |

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