

**The Food Bank of Central Louisiana
Alexandria, Louisiana
Financial Statements
June 30, 2022**

Table of Contents

Independent Auditors' Report.....	1
Basic Financial Statements	
Statement of Financial Position	4
Statement of Activities.....	5
Statement of Cash Flows	6
Statement of Functional Expenses	7
Notes to Financial Statements.....	8
Supplementary Schedule.....	19
Schedule of Compensation, Benefits, and Other Payments to Executive Director	20
Reports on Internal Control, Compliance and Other Matters	21
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 <i>Government Auditing Standards</i>	22
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.....	24
Schedule of Expenditures of Federal Awards.....	27
Notes to the Schedule of Expenditures of Federal Awards	28
Schedule of Findings and Questioned Costs.....	29
Management's Corrective Action Plan.....	32

Independent Auditors' Report

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

Report on the Financial Statements

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, 2022, and the related statements of activities, cash flows, and functional expenses for the year 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 The Food Bank of Central Louisiana as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Food Bank of Central Louisiana and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 The Food Bank of Central Louisiana's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Food Bank of Central Louisiana's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the schedule of compensation, benefits, and other payments to Jayne Wright-Velez, Executive Director paid with government funds are presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other



records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited The Food Bank of Central Louisiana 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 16, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2022, 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 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 The Food Bank of Central Louisiana'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 The Food Bank of Central Louisiana's internal control over financial reporting and compliance.



KnightMasden
Alexandria, Louisiana
November 14, 2022



The Food Bank of Central Louisiana
 Statement of Financial Position
 June 30, 2022

	<u>2022</u>	2021 Summarized <u>Total</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 3,773,736	\$ 4,479,464
Investments	1,028,087	1,452,704
Accounts receivable	295	2,015
Pledges receivable, net of allowance for doubtful accounts	64,701	89,939
Grants receivable	363,101	486,719
Inventory	1,677,208	1,465,028
Prepaid expenses	<u>60,521</u>	<u>12,928</u>
Total Current Assets	6,967,649	7,988,797
Plant, Property and Equipment, net	3,546,286	3,550,662
Other Assets		
Pledges receivable, net of allowance for doubtful accounts -		
long term	38,159	16,948
Investments - long term	1,278,979	1,278,979
Restricted cash	<u>724,746</u>	<u>966,066</u>
Total Other Assets	<u>2,041,884</u>	<u>2,261,993</u>
Total Assets	<u>\$12,555,819</u>	<u>\$13,801,452</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 110,745	\$ 105,537
Payroll liabilities	74,134	47,261
Notes payable	<u>167,484</u>	<u>293,005</u>
Total Current Liabilities	352,363	445,803
Long Term Notes Payable	<u>135,925</u>	<u>295,477</u>
Total Liabilities	488,288	741,280
Net Assets		
without Donor Restrictions	8,733,655	10,007,325
with Donor Restrictions	<u>3,333,876</u>	<u>3,052,847</u>
Total Net Assets	<u>12,067,531</u>	<u>13,060,172</u>
Total Liabilities and Net Assets	<u>\$12,555,819</u>	<u>\$13,801,452</u>

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

The Food Bank of Central Louisiana
Statement of Activities
For the Year Ended June 30, 2022

	without Donor <u>Restrictions</u>	with Donor <u>Restrictions</u>	<u>Total</u>	<u>2021</u> Summarized
Revenues				
Contributions, gifts and grants	\$ 656,162	\$ 2,051,860	\$ 2,708,022	\$ 8,057,125
Contributions, gifts and grants (in-kind)	10,040,244	4,372,768	14,413,012	11,614,288
Fundraising income	4,346	-	4,346	24,036
Investment income	(416,984)	-	(416,984)	373,006
Other income	116,444	-	116,444	7,872
Total Revenues	10,400,212	6,424,628	16,824,840	20,076,327
 Net Assets released from restrictions	 6,143,599	 (6,143,599)	 -	 -
 Functional Expenses				
Program services	16,870,109	-	16,870,109	14,422,154
Management and general	458,955	-	458,955	224,073
Fund raising	488,417	-	488,417	398,062
Total Functional Expenses	17,817,481	-	17,817,481	15,044,289
 Change in Net Assets	 (1,273,670)	 281,029	 (992,641)	 5,032,038
 Net Assets - Beginning	 10,007,325	 3,052,847	 13,060,172	 8,028,134
 Net Assets - Ending	 \$ 8,733,655	 \$ 3,333,876	 \$12,067,531	 \$13,060,172

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

The Food Bank of Central Louisiana
Statement of Cash Flows
For the Year Ended June 30, 2022

	2021 Summarized	2022	<u>Total</u>
Cash Flows from Operating Activities			
Change in Net Assets	\$ (992,641)	\$ 5,032,038	
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities			
Depreciation	252,259	237,962	
Seller financed debt	-	430,337	
Non-cash investment (income) loss	424,617	(361,100)	
(Increase) decrease in receivables	129,365	628,602	
(Increase) decrease in prepaid expenses	(47,593)	8,499	
(Increase) decrease in donated inventory	(212,180)	(60,106)	
Increase (decrease) in accounts payable	5,207	34,684	
Increase (decrease) in other liabilities	<u>26,873</u>	<u>6,342</u>	
Net Cash Provided/(Used) by Operating activities	(414,093)	5,957,258	
Cash flows from Investing Activities			
Purchase of fixed assets	(247,883)	(739,354)	
Purchase of investments	-	<u>(1,316,282)</u>	
Net Cash Provided/(Used) by Investing Activities	<u>(247,883)</u>	<u>(2,055,636)</u>	
Cash flows from Financing Activities			
Repayment of debt	<u>(285,072)</u>	<u>(334,450)</u>	
Net Cash Provided/(Used) by Financing Activities	<u>(285,072)</u>	<u>(334,450)</u>	
Net Increase (Decrease) in Cash and Cash equivalents	(947,048)	3,567,172	
Cash and Cash Equivalents - Beginning	<u>5,445,530</u>	<u>1,878,358</u>	
Cash and Cash Equivalents - Ending	<u>\$ 4,498,482</u>	<u>\$ 5,445,530</u>	
Consisting of:			
Cash and cash equivalents	\$ 3,773,736	\$ 4,479,464	
Restricted cash	<u>724,746</u>	<u>966,066</u>	
Total	<u>\$ 4,498,482</u>	<u>\$ 5,445,530</u>	
Cash paid for interest	<u>\$ 13,061</u>	<u>\$ 23,505</u>	

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

The Food Bank of Central Louisiana
Statement of Functional Expenses
For the Year Ended June 30, 2022

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>2022 Total Expenses</u>	<u>2021 Summarized Total</u>
Food costs	\$ 14,681,444	\$ -	\$ -	\$ 14,681,444	\$ 12,149,456
Freight	139,148	-	-	139,148	75,089
Contract labor	48,249	-	-	48,249	84,634
Insurance	86,199	20,576	4,420	111,195	97,673
Lease	169,124	1,400	1,400	171,924	241,172
Repairs and maintenance	162,965	10,000	-	172,965	173,654
Volunteer expense	-	-	-	-	49
Warehouse expense	90,461	-	-	90,461	56,517
Depreciation	252,259	-	-	252,259	237,962
Direct mail	-	-	159,764	159,764	134,457
Other fundraising	-	-	69,295	69,295	58,325
Payroll expenses	1,025,233	200,833	188,339	1,414,405	1,109,285
Advertising	5,000	100	9,147	14,247	22,187
Bad debt	-	15,497	-	15,497	-
Bank charges	-	3,867	-	3,867	5,233
Dues and subscriptions	4,699	1,000	1,250	6,949	3,750
Education and seminars	1,000	1,000	4,243	6,243	1,743
Public relations	-	-	294	294	1,029
Grant expenses	52,880	105,286	337	158,503	331,668
Meals	5,980	5,981	-	11,961	5,048
Security	2,797	933	-	3,730	4,530
Software maintenance	19,844	15,875	3,969	39,688	39,833
Telephone	8,691	4,346	4,346	17,383	14,453
Travel	26,411	1,763	7,051	35,225	23,439
Utilities	50,981	11,423	-	62,404	61,022
Interest	9,796	3,265	-	13,061	11,896
Taxes and licenses	358	-	-	358	1,866
Legal and professional	-	29,655	-	29,655	22,973
Office expense	26,590	26,155	34,562	87,307	75,346
	<u>\$ 16,870,109</u>	<u>\$ 458,955</u>	<u>\$ 488,417</u>	<u>\$ 17,817,481</u>	<u>\$ 15,044,289</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, 2022

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, 2022

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, 2022

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 0.87%. Pledges receivable are due as follows:

<u>Year Due</u>	Gross <u>Amount</u>	Net Present <u>Value</u>
2023	\$84,713	\$84,713
2024	16,900	16,392
2025	10,000	9,408
2026	9,250	8,440
2027	5,000	4,425
	<u>\$125,863</u>	123,378
Allowance for doubtful accounts		<u>(20,518)</u>
Total		<u>\$102,860</u>

Reported as

Short-term pledges receivable	\$64,701
Long-term pledges receivable	<u>38,159</u>
Total	<u>\$102,860</u>

The Food Bank of Central Louisiana
Notes to the Financial Statements
For the Year Ended June 30, 2022

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.

The investment account is reported as

Short-term investment	\$1,028,087
Long-term investment	<u>1,278,979</u>
Total	<u>\$2,307,066</u>

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

<u>Description</u>	
Interest and Dividends	\$110,665
Unrealized Loss	<u>(527,649)</u>
Total Investment Loss	<u>(\$416,984)</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, 2022:

<u>Description</u>	<u>Life</u>	
Equipment	5 - 7 years	\$1,453,761
Building	39 years	3,834,800
Land		90,647
Less: Accumulated Depreciation		<u>(1,832,922)</u>
Net Fixed Assets		<u>\$3,546,286</u>

Depreciation expense for the year ended June 30, 2022 was \$252,259.

The Food Bank of Central Louisiana
Notes to the Financial Statements
For the Year Ended June 30, 2022

Note 5 – Restricted Cash

Restricted cash as of June 30, 2022 totaled \$724,746, and were restricted for the following purposes:

<u>Restriction</u>	<u>Amount</u>
Good Food Project	\$270,456
Capacity Building	302,280
Child Nutrition	16,122
Mobile Pantries	41,300
Cold Storage	10,520
Food Purchase	9,073
Backpack	69,235
FEMA	<u>5,760</u>
Total	<u>\$724,746</u>

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

Note 6 – Donor Restricted Net Assets

Donor restricted net assets as of June 30, 2022 total \$3,333,876, and were restricted for the following purposes:

<u>Restriction</u>	<u>Amount</u>
Good Food Project	\$270,456
Rural Mobile Pantry	41,300
Capacity Building	464,857
Consulting	4,000
Food Purchase	9,073
Cold Storage	17,500
BackPack Program	69,235
Child Nutrition	16,122
FEMA Food Purchase	5,760
USDA Commodities Inventory	1,156,594
Endowment	<u>1,278,979</u>
Total	<u>\$3,333,876</u>

The Food Bank of Central Louisiana
Notes to the Financial Statements
For the Year Ended June 30, 2022

Note 7 – Donated Food

Activity of donated food inventory is summarized as follows:

without Donor Restriction

Beginning Inventory without Donor Restriction	\$ 768,634
Donations received	10,040,246
Purchases	422,445
Distributed, discarded and adjustments	(10,710,711)
Ending Inventory without Donor Restriction	520,614

with Donor Restriction

Beginning Inventory with Donor Restriction	696,394
Donations received	4,427,890
Distributed, discarded and adjustments	(3,967,690)
Ending Inventory with Donor Restriction	1,156,594

Total Ending Inventory	\$1,677,208
------------------------	-------------

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.

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 \$7,908 to this Plan during the year ended June 30, 2022.

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 on a month to month basis.
- b) Reefer Trailer Leases – The Food Bank leased several reefer trailers to hold inventory that needed to be refrigerated or frozen. These leases were month to month leases and lease payment amount depends on the number of hours the trailer was running. The average payment for the year was \$2,604 per month per trailer.

The total lease payments made during the year ended June 30, 2022 was \$172,965.

The Food Bank of Central Louisiana
 Notes to the Financial Statements
 For the Year Ended June 30, 2022

Note 11 – Notes Payable

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%.	\$16,097
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.	7,931
Note payable to Chandler Corporation, LLC for purchase of building located at 3203 Baldwin Avenue, Alexandria, LA; dated May 1, 2021; collateralized by same building; payable in 36 monthly payments of \$12,514.76; with interest rate of 3.00%.	<u>279,381</u>
Total	303,409
Less current portion	<u>(167,484)</u>
Total long term notes payable	<u>\$135,925</u>

Future maturities of notes payable as of June 30, 2022 were as follows:

Years Ended		<u>Amounts</u>
	<u>June 30</u>	
2023		\$167,484
2024		\$135,925

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:

The Food Bank of Central Louisiana
Notes to the Financial Statements
For the Year Ended June 30, 2022

Note 12 – Fair Value Measurement (Continued)

Level 1 – Represented by quoted prices that are available in an active market. Level 1 securities include cash, checking, savings and money market accounts, certificates of deposit, highly liquid government bonds, treasury securities, mortgage products and exchange traded equities.

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, 2022 are as follows:

<u>Description</u>	<u>Fair Value Measurement at June 30, 2022 Using</u>			
	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash	\$4,498,482	\$4,498,482	\$ -	\$ -
Investments	\$2,307,066	\$2,307,066		

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 start 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 Food Bank of Central Louisiana
Notes to the Financial Statements
For the Year Ended June 30, 2022

Note 13 – Endowment Funds (continued)

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.

Changes in Endowment Net Assets

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Balance June 30, 2021	\$1,452,704	\$1,278,979	\$2,731,683
Contributions	-	-	-
Investment Loss	(424,617)	-	(424,617)
Withdrawals	-	-	-
Balance June 30, 2022	<u>\$1,028,087</u>	<u>\$1,278,979</u>	<u>\$2,307,066</u>

Endowment Net Assets Composition by Type of Fund

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-Restricted	\$1,028,087	\$1,278,979	\$2,307,066

Note 14 – Concentrations of Risk

Inventory donations make up approximately 86% of the Food Bank's operating revenues for the year ended June 30, 2022. 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.

The Food Bank maintains cash balances at a regional and national bank. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2022 cash on deposit that was in excess of the federally insurance limits was \$3,878,880 with the regional bank and \$166,724 with the national bank.

The Food Bank of Central Louisiana
Notes to the Financial Statements
For the Year Ended June 30, 2022

Note 15 – Liquidity and Availability

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

Cash and cash equivalents	\$3,600,179
Investments	<u>1,028,087</u>
Total	<u>\$4,628,266</u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

Note 16 – Income Taxes

As of June 30, 2022, tax years 2019 and subsequent were still within the prescription period for examination by taxing authorities. As of the date of the report, the 2022 return has not been filed.

Note 17 – Contingent Liabilities

The Food Bank was not in compliance with the Americorp grant operated during the year end June 30, 2022. The non-compliance was not discovered until August 1, 2022. See Note 18 that discussed the events that took place after year end. Thirty four compliance issues were discovered. Seventeen members did not have the required program adjudication. Eleven members did not have the required Fieldprint results at the start of service. Five member did not have the required Fieldprint checks. One member had the required Fieldprint results but was not cleared to serve. A contingent liability of \$32,106 is included in payables and the grant revenue related to the Americorps grant was reduced by the same amount.

On September 22, 2021 an employee was terminated for cause. After the terminated the employee filed a complaint with the U.S. Equal Employment Opportunity Commission for wrongful termination. The Food Bank filed a claim on their insurance policy and an attorney was hired to represent the Food Bank. The Food Bank has adequate coverage to cover any damages that could be assessed, therefore no liability has been recorded related to the complaint. See Note 18 for events related to the compliant after the year end.

The Food Bank of Central Louisiana
Notes to the Financial Statements
For the Year Ended June 30, 2022

Note 18 – Subsequent Events

On August 1, 2022, the Food Bank terminated the employment of the program director of the Americorps grant. It was then discovered that the program director was not complying with all the requirements of the grant. The Food Bank self-reported the compliance issues with the grantor and took steps to mitigate the compliance issues down from 34 to 20. The State of Louisiana responded on October 28, 2022, to the self-reporting of the compliance issues discussed in Note 17. The response outlines the steps the Food Bank must follow to come back into compliance with the grant. The Food Bank must reimburse the program \$32,106. The reimbursement has been recorded as payable and reduced the grant revenue for the year end June 30, 2022. The Food Bank staff associated with the grant must complete two training courses and update their policy to address the compliance issues. These corrective actions must be completed by December 1, 2022. The Food Bank is also required to do additional reporting to the grantee for the remainder of the grant.

On November 1, 2022, the U.S. Equal Employment Opportunity Commission issued a determination and notice of rights letter to the terminated employee informing them that the investigation would not proceed further. The letter also states that the terminated employee has 90 days to file a lawsuit. No lawsuit has been filed as of the date of this report.

As of September 30, 2022, which is the date of the last investment statement, the value of the investments had fallen by 5.9% to \$2,170,387.

Subsequent events have been evaluated through November 14, 2022, which is the date the financial statements were available for issuance.

Supplementary Schedule

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, 2022

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 22,299
Benefits - insurance	2,613
Benefits - retirement	671
Travel/mileage reimbursements	<u>310</u>
	<u>\$ 25,893</u>

Reports on Internal Control, Compliance and Other Matters



Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

Board of Directors
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, 2022, 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 November 14, 2022.

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) as a basis for designing 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 Food Bank of Central Louisiana'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 limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Compliance and Other Matters

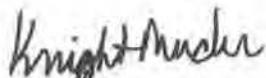
As part of obtaining reasonable assurance about whether The Food Bank of Central Louisiana's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2022-001 and 2022-002.

Food Bank of Central Louisiana's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Food Bank of Central Louisiana's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Food Bank of Central Louisiana's response was not subject 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 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
November 14, 2022





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

Opinion on Each Major Federal Program

We have audited The Food Bank of Central Louisiana's compliance with the types of compliance requirements identified as subject to audit 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, 2022. 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.

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, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Food Bank of Central Louisiana's federal program.

Auditors' Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Food Bank of Central Louisiana's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Food Bank of Central Louisiana's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Food Bank of Central Louisiana's internal control over compliance. Accordingly, no such opinion is expressed.

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2022-001. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the Food Bank of Central Louisiana's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The Food Bank of Central Louisiana's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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

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

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

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.

KnightMadsen

KnightMadsen

Alexandria, Louisiana

November 14, 2022



**The Food Bank of Central Louisiana
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022**

<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 (Food Commodities)	10.569		\$1,721,529	\$3,912,567
Louisiana Department of Agriculture and Forestry (Administrative Costs)	10.568		<u>-</u>	<u>568,593</u>
Total for Emergency Food Assistance Program			1,721,529	4,481,160
Soil and Water Conservation				
Direct Program	10.902		<u>-</u>	<u>57,111</u>
Summer Food Service Program for Children				
Indirect Program:				
Louisiana Department of Education	10.559		<u>-</u>	<u>65,640</u>
State Administrative Funding for the Food Stamp Program				
Indirect Programs:				
Louisiana Department of Agriculture and Forestry	10.561		<u>-</u>	<u>74,939</u>
Total U. S. Department of Agriculture			1,721,529	4,678,850
Corporation for National and Community Service				
AmeriCorps State and National				
Indirect Program:				
Office of the Lieutenant Governor, State of Louisiana	94.006		<u>-</u>	<u>94,221</u>
U. S. Department Homeland Security				
Direct Program				
Emergency Food and Shelter Program	97.024		<u>-</u>	<u>30,604</u>
Total Expenditures of Federal Awards			<u>\$1,721,529</u>	<u>\$4,772,314</u>

The Food Bank of Central Louisiana
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

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 the Uniform Guidance. 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, 2022, the organization has USDA commodities valued at \$1,156,594 in inventory. The organization received \$4,372,768 and distributed \$3,912,567 of commodities for the year ended June 30, 2022.

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 – Reconciliation of Expenses to Federal Expenditures

Program expenses	\$16,870,109
Non-cash adjustment – donated food	(10,768,877)
Non-cash adjustment – depreciation	(252,259)
Non-federal expenditures	<u>(1,076,659)</u>
Total Federal Expenditures	<u>\$4,772,314</u>

Note E – 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, 2022.

**The Food Bank of Central Louisiana
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022**

A. Summary of Auditors' Results

Financial Statements

- | | |
|--|------------|
| 1. Type of auditors' report | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weakness identified? | No |
| b. Significant deficiencies identified no
considered material weakness? | None noted |
| c. Noncompliance material to the financial
statements noted? | Yes |

Federal Awards

- | | |
|--|------------|
| 1. Type of auditors' report issued on compliance
for major programs | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weakness identified? | No |
| b. Significant deficiencies identified no
considered material weakness? | None noted |
| 3. Any audit findings disclosed that are required
to be reported in the accordance with 2CFR
section 200.516(a)? | No |
| 4. Identification of major programs | |

Federal Assistance

Listing Number

10.568, 10.569

Federal Program

Emergency Food Assistance Program

- | | |
|---|-----------|
| 5. Dollar threshold used to distinguish between
type A and type B programs | \$750,000 |
| 6. Auditee qualified as low-risk under 2CFR 200.520 | Yes |

The Food Bank of Central Louisiana
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022

B. Findings – Financial Statement Audit

INTERNAL CONTROL AND COMPLIANCE FINDING

2022-001 Subrecipient Monitoring

Condition:

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

Criteria:

All subrecipients receiving USDA commodities must undergo an annual review every 12 months.

Effect:

The Food Bank is not in compliance with grant requirements.

Cause:

There was one agency that did not have an annual review.

Recommendation:

The Food Bank should change the review date in the system when the review is actually performed and not scheduled.

Response:

See Management's Corrective Action Plan for their response.

The Food Bank of Central Louisiana
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022

2022-02 AmeriCorps Eligibility

Condition:

All AmeriCorps participants did not undergo the correct eligibility testing before starting with the program.

Criteria:

All participants in the AmeriCorps program should undergo Fieldprint checks prior to the start of service and go through the program adjudication.

Effect:

The Food Bank is not in compliance with grant requirements and is not required to reimburse the grant.

Cause:

Seventeen members did not have the required program adjudication. Eleven members did not have the required Fieldprint results at the start of service. Five member did not have the Fieldprint checks. One member had required Fieldprint results but was not cleared to service.

Recommendation:

Human resources supervisor should sign off on all AmeriCorps hires before they begin employment to verify all necessary eligibility criteria are met.

Response:

See Management's Corrective Action Plan for their response.

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, 2022

2022-001 Subrecipient Monitoring

Condition:

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

Response:

The subrecipient agency that was not monitored during the 12-month window was scheduled to be monitored by the Agency Relations Coordinator. At the time of the appointment, the staff of the subrecipient agency had COVID and the agency was in lockdown. The appointment was not rescheduled. The monitoring dates for subrecipients will be entered after the monitoring visit occurs.

Implementation Date:

Tuesday, November 29, 2022

Contact:

Jayne Wright-Velez, Executive Director

The Food Bank of Central Louisiana
Management's Corrective Action Plan
For the Year Ended June 30, 2021

2022-02 AmeriCorps Eligibility

Condition:

All AmeriCorps participants did not undergo the correct eligibility testing before starting the program.

Response:

Management identified accountability issues with the implementation of the AmeriCorps grant. The supervisor immediately responsibility for the recruiting, determining eligibility, retaining records, and supervision of the AmeriCorps members, was terminated for cause.

Management self-reported issues of noncompliance with the AmeriCorps grant to Volunteer Louisiana as it began to correct the issues. Management has hired a new supervisor for the grant. Management has also initiated a new plan with multiple checks and balances to ensure that all new AmeriCorps members complete the required components of the process prior to beginning service with the program.

Management will complete all of the required steps outlined by Volunteer Louisiana in compliance with the terms of the grant.

Implementation Date:

December 1, 2022

Contact:

Jayne Wright-Velez, Executive Director



INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of The Food Bank of Central Louisiana and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by The Food Bank of Central Louisiana (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2021 through June 30, 2022. The Entity's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

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

- a. Budgeting, including

- i. preparing,

Policy is not present in the written policies and procedures manual.

- ii. adopting,

Policy is not present in the written policies and procedures manual.

- iii. monitoring, and

Policy is not present in the written policies and procedures manual.

- iv. amending the budget.

Policy is not present in the written policies and procedures manual.

- b. Purchasing, including

- i. how purchases are initiated;

Policy is present in the written policies and procedures manual.

- ii. how vendors are added to the vendor list;

Policy is not present in the written policies and procedures manual.

- iii. the preparation and approval process of purchase requisitions and purchase orders;

Policy is present in the written policies and procedures manual.

- iv. controls to ensure compliance with the public bid law; and

Policy is not present in the written policies and procedures manual.

- v. documentation required to be maintained for all bids and price quotes.

Policy is not present in the written policies and procedures manual.

- c. Disbursements, including

- i. processing,

Policy is present in the written policies and procedures manual.

- ii. reviewing, and

Policy is present in the written policies and procedures manual.

- iii. approving

Policy is present in the written policies and procedures manual.

d. Receipts/Collections, including

- i. receiving,

Policy is not present in the written policies and procedures manual.

- ii. recording, and

Policy is not present in the written policies and procedures manual.

- iii. preparing deposits

Policy is not present in the written policies and procedures manual.

- iv. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions.

Policy is not present in the written policies and procedures manual.

e. Payroll/Personnel, including

- i. payroll processing, and

Policy is present in the written policies and procedures manual.

- ii. reviewing and approving time and attendance records, including leave and overtime worked.

Policy is present in the written policies and procedures manual.

- iii. Approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.

Policy is present in the written policies and procedures manual.

f. Contracting, including

- i. types of services requiring written contracts,

Policy is not present in the written policies and procedures manual.

- ii. standard terms and conditions,

Policy is not present in the written policies and procedures manual.

- iii. legal review,

Policy is not present in the written policies and procedures manual.

- iv. approval process, and

Policy is not present in the written policies and procedures manual.

- v. monitoring process

Policy is not present in the written policies and procedures manual.

- g. Credit Cards (and debit cards, fuel cards, P-Cards, if applicable), including

- i. how cards are to be controlled,

Policy is present in the written policies and procedures manual.

- ii. allowable business uses,

Policy is present in the written policies and procedures manual.

- iii. documentation requirements,

Policy is present in the written policies and procedures manual.

- iv. required approvers of statements, and

Policy is present in the written policies and procedures manual.

- v. monitoring card usage.

Policy is present in the written policies and procedures manual.

- h. Travel and expense reimbursement, including

- i. allowable expenses,

Policy is present in the written policies and procedures manual.

- ii. dollar thresholds by category of expense,

Policy is present in the written policies and procedures manual.

- iii. documentation requirements, and

Policy is present in the written policies and procedures manual.

- iv. required approvers

Policy is present in the written policies and procedures manual.

- i. Ethics, including

- i. the prohibitions as defined in Louisiana Revised Statute 42:1111-1121,

Not applicable to nonprofits.

- ii. actions to be taken if an ethics violation takes place,

Not applicable to nonprofits.

- iii. system to monitor possible ethics violations, and

Not applicable to nonprofits.

- iv. requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

Not applicable to nonprofits.

- j. Debt Service, including

- i. debt issuance approval,

Not applicable to nonprofits.

- ii. continuing disclosure/EMMA reporting requirements,

Not applicable to nonprofits.

- iii. debt reserve requirements, and

Not applicable to nonprofits.

- iv. debt service requirements.

Not applicable to nonprofits.

- k. Information Technology Disaster Recovery/Business Continuity, including

- i. identification of critical data and frequency of data backups,

Policy is not present in the written policies and procedures manual.

- ii. storage of backups in a separate physical location isolated from the network,

Policy is not present in the written policies and procedures manual.

- iii. periodic testing/verification that backups can be restored,

Policy is not present in the written policies and procedures manual.

- iv. use of antivirus software on all systems,

Policy is not present in the written policies and procedures manual.

- v. Timely application of all available system and software patches/updates, and

Policy is not present in the written policies and procedures manual.

- vi. Identification of personnel, processes, and tools needed to recover operations after a critical event.

Policy is not present in the written policies and procedures manual.

- 1. Sexual Harassment, including R.S. 42:342-344 requirements for

- i. agency responsibilities and prohibitions,

Policy is present in the written policies and procedures manual.

- ii. annual employee training,

Policy is present in the written policies and procedures manual.

- iii. annual reporting.

Policy is not present in the written policies and procedures manual.

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

- a. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

The board met with a quorum on a monthly basis.

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

Board meetings include discussions of financial data related to government grants.

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

Not applicable to nonprofits.

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

List was obtained, and client represented that it was complete.

- a. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date;

All reconciliations were prepared within 2 months of related statement closing date.

- b. Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation; and

The bank reconciliations does include evidence that a person who is not involved in the cash receipts or cash disbursements process has reviewed the reconciliation.

- c. Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

No outstanding items were dated over 12 months from the statement date.

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

List was obtained, and client represented that it was complete.

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

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

Cash drawers/registers are not used.

- b. Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation to the deposit.

The employee responsible for preparing/making bank deposits is responsible for collecting cash.

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

The employee responsible for posting collection entries is responsible for collecting cash.

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

The employee that is responsible for collecting cash or reconciling the account reviews the reconciliation.

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

Employees with access to cash are covered by a bond.

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

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

The receipts were not sequentially pre-numbered.

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

Not applicable as the receipts were not sequentially pre-numbered.

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

For non-ACH deposits tested, the total deposit slip equaled the total deposit per the bank statement.

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

For all but one deposit tested, deposit was made within 1 business day. There was nothing for that one deposit to determine when it was received.

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

For all deposits tested, the deposit per the bank statement equaled the deposit per the general ledger.

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

A list was obtained. Client represented that it was complete.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

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

Only one employee is involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

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

Two employees are involved in processing and approving payments to vendors.

- c. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

Employee responsible for processing payments does add and/or modify vendor files, and no other employee is responsible for periodically reviewing changes to vendor files.

- d. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Signed checks are returned to the employee responsible for processing payments for mailing.

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

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

The disbursements tested matched the related original invoice/billing statement.

- b. Observe whether the disbursement documentation included evidence of segregation of duties tested under #9, as applicable.

All but one disbursements tested included evidence of segregation of duties.

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

A list was obtained. Client represented that it was complete.

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

- a. Observe that there is evidence that the monthly statement or combined statement and supporting documentation were reviewed and approved, in writing, by someone other than the authorized card holder.

There was no evidence that statements and supporting documents are reviewed and approved.

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

The finance charges and late fees were not assessed on the selected statements.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions. For each transaction, observe that it is supported by:

- a. an original itemized receipt that identifies precisely what was purchased,

An original itemized receipt that identified exactly what was purchased was present in all but six tested transactions.

- b. written documentation of the business/public purpose, and

Written documentation of the business purpose was not present in the tested transactions.

- c. documentation of the individuals participating in meals (for meal charges only).

Only one transaction selected was for meals and there was no documentation on the individual participating in the meal.

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

A list was obtained. Client represented that it was complete.

- a. If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

Approved per diem rate used.

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

An itemized receipt that identified precisely what was purchased was included for all tested items.

- c. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

Supporting documentation of the business purpose was present in all transactions.

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

Reimbursement was reviewed and approved in writing by someone other than the person receiving the reimbursement for all of the transactions tested.

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

A list was obtained. Client represented that it was complete.

- a. Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

No contracts were subject to the Louisiana Bid Law.

- b. Observe that the contract was approved by the governing body/board, if required by policy or law.

No contracts required approval by governing board.

- c. If the contract was amended, observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms.

No contracts were amended.

- d. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

All transactions tested had supporting invoice and agreed to terms of the contract.

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

A list was obtained. Client represented that it was complete.

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

- a. Observe that all selected employees/officials documented their daily attendance and leave.

Documentation of daily attendance and leave taken was present for all employees tested.

- b. Observe whether supervisors approved the attendance and leave of the selected employees/officials.

Supervisor approved attendance and leave was not present for all employees tested.

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

Leave taken during pay period was reflected in the entity's cumulative leave records.

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

No pay rates were in the personnel file.

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

A list was obtained. Client represented that it was complete. No documentation was present on the hours paid on the termination check.

19. Obtain management's representation that employer and employee portions of third-party payroll related amounts have been paid, and any associated forms have been filed, by required deadlines.

Representation that payments and forms have been filed and paid by required deadlines.

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

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

Not applicable to non-profits.

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

Not applicable to non-profits.

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

Not applicable to non-profits.

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

Not applicable to non-profits.

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

No misappropriation of public funds in current year..

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

Entity has notice posted.

25. Perform the following procedures,

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

We performed the procedure and discussed the results with management.

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

We performed the procedure and discussed the results with management.

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

We performed the procedure and discussed the results with management.

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

Sexual harassment training was documented for all but one employee selected for the year.

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

Client has sexual harassment policy posted.

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

No reporting was done.

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

Not reported

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

Not reported

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

Not reported

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

Not reported

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

Not reported

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

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

Knight Masden

KnightMasden

Alexandria, Louisiana

November 14, 2022



KnightMasden

A Professional Accounting Corporation