

Northwest Louisiana Food Bank
Financial Statements With Auditors' Report
As of and for the Year Ended June 30, 2019

Northwest Louisiana Food Bank

Table of Contents

	<u>Page No.</u>
Independent Auditors' Report	1 – 2
Financial Statements	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7 – 14
Schedule of Expenditures of Federal Awards	15
Schedule of Compensation, Benefits, and Other Payments to Agency Head	16
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>	17 – 18
Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	19 – 20
Summary Schedule of Prior Audit Findings	21
Schedule of Findings and Questioned Costs	21
Schedule for Louisiana Legislative Auditor:	
Schedule of Audit Findings	22

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Independent Auditors' Report

To the Board of Directors
Northwest Louisiana Food Bank
Shreveport, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Northwest Louisiana Food Bank (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows 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.

Auditors' 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 and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Northwest Louisiana Food Bank, as of June 30, 2019, 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.

Effect of Adopting New Accounting Standard

As described in Note 2 to the financial statements, Northwest Louisiana Food Bank adopted the Financial Accounting Standards Board's Accounting Standard Update (ASU) No. 2016-14 – *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, as of and for the year ended June 30, 2019. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited Northwest Louisiana Food Bank's financial statements, as of and for the year ended June 30, 2018, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 4, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

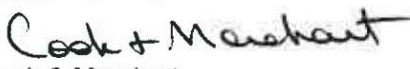
Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental information shown on page 16, is presented for the purpose of additional analysis and is not a required part of the financial statements of Northwest Louisiana Food Bank. The accompanying schedule of expenditures of federal awards, shown on page 15, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administration 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 19, 2019, on our consideration of Northwest Louisiana Food Bank'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 Northwest Louisiana Food Bank's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Northwest Louisiana Food Bank's internal control over financial reporting and compliance.


Cook & Morehart
Certified Public Accountants
December 19, 2019

Northwest Louisiana Food Bank
Statement of Financial Position
June 30, 2019
(With Comparative Amounts for 2018)

Assets

	2019	2018
Current assets:		
Cash and cash equivalents	\$ 2,588,654	\$ 2,013,923
Investments	291,703	735,721
Accounts receivable - grants	118,321	71,925
Accounts receivable - other	8,572	5,856
Prepaid expenses	6,106	6,337
Inventory - USDA	398,225	50,641
Inventory - Other	498,672	2,449,376
Total current assets	<u>3,910,253</u>	<u>5,333,779</u>
Noncurrent assets:		
Restricted cash	2,323,000	1,827,140
Depreciable property and equipment, net	851,542	959,921
Non-depreciable property and equipment	2,109,635	1,928,202
Net property and equipment	<u>5,284,177</u>	<u>4,715,263</u>
Total Assets	<u>\$ 9,194,430</u>	<u>\$ 10,049,042</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 80,149	\$ 86,509
Accrued liabilities	62,172	51,915
Total current liabilities	<u>142,321</u>	<u>138,424</u>
Net assets:		
With donor restrictions	2,908,326	2,059,631
Without donor restrictions	6,143,783	7,850,987
Total net assets	<u>9,052,109</u>	<u>9,910,618</u>
Total Liabilities and Net Assets	<u>\$ 9,194,430</u>	<u>\$ 10,049,042</u>

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

Northwest Louisiana Food Bank
Statement of Activities
For the Year Ended June 30, 2019
(With Comparative Amounts for 2018)

	Without Donor Restrictions	With Donor Restrictions	Totals 2019	Totals 2018
Revenues and Other Support:				
Annual campaign	\$ 449,439	\$	\$ 449,439	\$ 477,455
Donations - church, corporate, individuals	538,351		538,351	515,522
Miscellaneous grants	724,765	199,135	923,900	931,417
United Way	34,112		34,112	39,558
Shared maintenance	402,159		402,159	305,572
Adopt a senior program	21,015		21,015	27,115
Miscellaneous	46,944		46,944	155,804
Rent income	13,500		13,500	13,500
Interest income	47,617		47,617	15,770
Donated food supplies	15,069,996	347,585	15,417,581	16,693,292
Capital campaign		622,269	622,269	881,839
Net assets released from restrictions:				
Satisfaction of restrictions	320,294	(320,294)		
Total revenues and other support	17,668,192	848,695	18,516,887	20,056,844
Expenses:				
Program services				
Food Bank	18,629,001		18,629,001	18,628,082
Supporting services				
Management and general	583,431		583,431	584,545
Fund Raising	187,514		187,514	193,172
Total expenses	19,399,946		19,399,946	19,405,799
Changes in net assets from operations	(1,731,754)	848,695	(883,059)	651,045
Nonoperating activities				
Investment return, net	24,550		24,550	(3,473)
Total nonoperating activities	24,550		24,550	(3,473)
Change in net assets	(1,707,204)	848,695	(858,509)	647,572
Net assets, beginning of year	7,850,987	2,059,631	9,910,618	9,263,046
Net assets, end of year	<u>\$ 6,143,783</u>	<u>\$ 2,908,326</u>	<u>\$ 9,052,109</u>	<u>\$ 9,910,618</u>

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

Northwest Louisiana Food Bank
Statement of Functional Expenses
For the Year Ended June 30, 2019
(With Comparative Amounts for 2018)

	Program Services	Support Services			2019	2018
	Food Bank	Management & General	Fund Raising	Total	Total	Total
Expenses						
Accounting	\$	\$ 20,250	\$	\$ 20,250	\$ 20,250	\$ 22,500
Auto	118,899	260		260	119,159	83,977
Advertising			56,113	56,113	56,113	47,834
Computer expense	5,548	9,408	2,632	12,040	17,588	16,292
Depreciation	118,351	33,600		33,600	151,951	157,058
Dues & subscriptions		12,441	764	13,205	13,205	17,168
Food costs	17,599,275	3,660	16,097	19,757	17,619,032	17,700,920
Freight	204,621				204,621	189,987
Fringe	36,005	132,646	7,505	140,151	176,156	198,243
Insurance	427	71,126		71,126	71,553	67,471
Newsletter		1,043		1,043	1,043	10,993
Office supplies	1,982	5,176	504	5,680	7,662	12,472
Postage		2,595	1,412	4,007	4,007	2,428
Repairs & maintenance	89,530	1,291		1,291	90,821	33,371
Salaries	413,673	226,795	95,271	322,066	735,739	715,921
Supplies	10,102				10,102	4,344
Telephone	5,311	6,596	600	7,196	12,507	11,816
Travel	9,635	4,757	2,194	6,951	16,586	16,425
Utilities	4,527	37,245		37,245	41,772	35,936
Waste disposal	1,049	3,583		3,583	4,632	4,442
Miscellaneous	10,066	10,959	4,422	15,381	25,447	56,201
Total Expenses	<u>\$ 18,629,001</u>	<u>\$ 583,431</u>	<u>\$ 187,514</u>	<u>\$ 770,945</u>	<u>\$ 19,399,946</u>	<u>\$ 19,405,799</u>

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

Northwest Louisiana Food Bank
Statement of Cash Flows
For the Year Ended June 30, 2019
(With Comparative Amounts for 2018)

Operating Activities

	2019	2018
Change in net assets	\$ (858,509)	\$ 647,572
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	151,951	157,058
Realized and Unrealized (gain) loss on investments	(24,550)	3,473
Donation of stock	(3,092)	(20,076)
Donated assets	(49,040)	(5,000)
(Increase) decrease in operating assets:		
Accounts receivable	(49,112)	65,767
Inventory - USDA	(347,584)	180,038
Inventory - other	1,950,704	2,363
Prepaid expenses	231	400
Increase (decrease) in operating liabilities:		
Accounts payable	(6,360)	8,906
Accrued liabilities	10,257	2,901
Net cash provided by operating activities	<u>774,896</u>	<u>1,043,402</u>

Investing Activities

Purchase of investments	3,092	(218,781)
Sale of investments	468,568	797,757
Payments for property and equipment	(175,965)	(36,500)
Net change in restricted cash	(495,860)	(877,063)
Net cash (used) in investing activities	<u>(200,165)</u>	<u>(334,587)</u>

Net increase in cash	574,731	708,815
Cash and cash equivalents as of beginning of year	<u>2,013,923</u>	<u>1,305,108</u>
Cash and cash equivalents as of end of year	<u>\$ 2,588,654</u>	<u>\$ 2,013,923</u>

Supplemental Cash flow Disclosures:

Noncash Investing Transactions:

Donated Assets	<u>\$ 49,040</u>	<u>\$ 5,000</u>
Donated stock	<u>\$ 3,092</u>	<u>\$ 20,076</u>

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

Northwest Louisiana Food Bank
Notes to Financial Statements
June 30, 2019

(1) Summary of Significant Accounting Policies

A. Nature of Activities

The Northwest Louisiana Food Bank (the Food Bank) was organized in Shreveport during 1996 for the purpose of distributing food and commodities to various group feeding centers and food pantries in the parishes of Caddo, Bossier, Red River, Webster, Desoto, Claiborne, and Bienville in North Louisiana.

The Organization receives United States Department of Agriculture (USDA) donated food commodities for use in feeding needy households under the Food Bank Program. The Organization assumes full responsibility for all matters pertinent to the receipt, handling, storage, protection, accountability, and use of donated food commodities. The Organization also receives funding for administrative costs to support product maintenance.

The Northwest Louisiana Food Bank is the regional certified affiliate of America's Second Harvest, a national food bank organization located in Chicago, Illinois that links over 200 affiliated food banks with donations from over 250 major donors.

The Organization relies heavily on community volunteers or individuals doing community services as a condition of probation. The Organization relies on food donations from Second Harvest and related affiliates as well as donations from the United States Department of Agriculture, churches, benevolent trusts, corporations, and United Way to fund the daily operations.

B. Basis of Accounting

The financial statements of the Food Bank have been prepared on the accrual basis of accounting.

C. Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards. Under those standards, the Organization is required to report information regarding its financial position and activities according to two classes of net assets:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objective of the organization. These net assets may be used at the discretion of Food Bank's management and the board of directors.

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

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities. The Food Bank has adopted a policy to classify donor restricted contributions as without donor restrictions to the extent that donor restrictions were met in the year the contribution was received.

(Continued)

Northwest Louisiana Food Bank
Notes to Financial Statements
June 30, 2019
(Continued)

D. Income Tax Status

The Food Bank is a tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code, and therefore, is not subject to income taxes. However, income from certain activities not directly related to the Food Bank's tax-exempt purpose is subject to taxation as unrelated business income. The Food Bank had no such income for this audit period. The Organization's Form 990, Return of Organization Exempt from Income Tax, for the years ended June 30, 2016, 2017, 2018, and 2019 are subject to examination by the IRS, generally three years after they were filed.

E. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses. Actual results could differ from those estimates.

F. Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Food Bank considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

G. Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful life of each asset. The Federal government has a reversionary interest in property purchased with federal funds. Its disposition as well as the ownership of any proceeds there from is subject to federal regulations. The Food Bank has adopted a policy to capitalize expenditures for property and equipment with a unit cost of \$5,000 or more.

H. Contributions

Contributions received are recorded as increase in net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor restrictions. When restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished), 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. In the absence of donor restrictions to the contrary, restrictions on contributions of property or equipment or on assets restricted to acquiring property or equipment expire when the property or equipment is placed in service.

I. Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities and the statement of functional expense. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Costs are directly charged to the function they benefit. Facility related expenses are allocated to each function based upon square footage utilized by the function.

(Continued)

Northwest Louisiana Food Bank
Notes to Financial Statements
June 30, 2019
(Continued)

J. Investments

Investments in equity securities are presented in the financial statements at fair value using level 1 fair value measures (quoted prices in active markets). Investments in certificates of deposits are recorded at cost as of the purchase date then subsequently adjusted to fair value as of the reporting date. Realized and unrealized gains and losses are included in investment return, along with interest and dividends, in the statement of activities.

K. Fair Value Measurements

Generally accepted accounting principles establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities ("Level 1") and the lowest priority to unobservable inputs ("Level 3"). The three levels of the fair value hierarchy are described as follows:

Level 1: quoted prices (unadjusted) for identical assets or liabilities in active markets that the Organization has the ability to access as of the measurement date.

Level 2: significant other observable inputs than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

L. Donated Property and Equipment

Donations of property and equipment are recorded as contributions at their estimated fair market value at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions.

M. Promises to Give

Conditional promises to give are recognized when the conditions on which they depend are substantially met.

N. Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with general accepted accounting principles. Accordingly, such information should be read in conjunction with Food Bank's financial statements for the year ended June 30, 2018, from which the summarized information was derived.

(Continued)

Northwest Louisiana Food Bank
Notes to Financial Statements
June 30, 2019
(Continued)

(2) Adoption of New Accounting Pronouncement

For the year ended June 30, 2019, Northwest Louisiana Food Bank adopted the Financial Accounting Standard Update (ASU) No. 2016-14 – *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This update addresses the complexity and understandability of net asset classifications, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return between not-for-profit entities. The changes required by the update have been applied retrospectively to all periods presented. A key change required by ASU 2016-14 are the net asset classes used in the financial statements. Amount previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets, if applicable, are now reported as net assets with donor restrictions.

(3) Concentrations of Credit Risk

Financial instruments that potentially subject the Food Bank to concentrations of credit risk consist principally of temporary cash investments and accounts receivable. Concentrations of credit risk with respect to accounts receivable are limited due to the receivables being small in nature and from several different entities and amounts due from governmental agencies under contractual terms. The Food Bank maintains cash balances at financial institutions and a money market account held by an investment broker. The Federal Deposit Insurance Corporation (FDIC) insures accounts up to \$250,000 at financial institutions. Securities Investor Protection Corporation (SIPC) insures funds on deposit with the investment broker up to \$500,000. The Food Bank had uninsured cash balances of \$3,771,186 at June 30, 2019.

(4) Restricted Assets

Restricted assets at June 30, 2019, consisted of cash restricted for building renovations and equipment purchase in the amount of \$2,323,000.

(5) Accounts Receivable – Grants

Various funding sources provide reimbursement of allowable costs under contracts or agreements. These balances represent amounts due from funding sources at June 30, 2019, but received after that date.

(6) Accrued Liabilities

Accrued liabilities consisted of the following at June 30, 2019:

	2019
Accrued leave payable	\$ 45,167
Accrued payroll	13,828
Payroll taxes and other related benefits payable	3,177
	<u>\$ 62,172</u>

(Continued)

Northwest Louisiana Food Bank
Notes to Financial Statements
June 30, 2019
(Continued)

(7) Investments

Investments in equity securities are presented in the financial statements at fair value using level 1 fair value measures (quoted prices in active markets). Investments in certificates of deposits are recorded at cost as of the purchase date then subsequently adjusted to fair value as of the reporting date. The fair value of certificates of deposit is determined by using a discounted cash flow calculation that applies interest rates currently being offered for deposits of similar remaining maturities to a schedule of expected maturities on the certificates. This results in a level 2 fair value measurement. Investments as of June 30, 2019 consisted of the following:

	2019	
	Fair Value	Cost
Equities	\$ 71,547	\$ 32,111
Certificates of deposits	220,156	220,156
	<u>\$ 291,703</u>	<u>\$ 252,267</u>

For the year ended June 30, 2019, net investment return was \$24,550, which consisted of realized and unrealized gains of \$18,968, and interest and dividends of \$5,582.

(8) Property and Equipment

Property and equipment consisted of the following at June 30, 2019:

	Estimated Depreciable Life	2019
Buildings and improvements	7–39 years	\$ 1,127,207
Furniture and equipment	5–10 years	539,222
Vehicles	5 –10 years	784,195
Land		901,017
Idle assets		1,076,225
Construction in process		132,393
Accumulated depreciation		<u>(1,599,082)</u>
Net investment in property and equipment		<u>\$ 2,961,177</u>

Depreciation expense for the year ended June 30, 2019 was \$151,951.

Included in idle assets are building and equipment of \$1,027,185 and \$49,040, respectively, related to a new facility. Construction is currently in progress and scheduled for completion in 2021.

(9) Retirement Plan

The Food Bank provides for a Savings Incentive Match Plan for Employees of Small Employers (SIMPLE) under Section 408(p) of the Internal Revenue Code. The plan covers full-time employees of the Food Bank. The Food Bank contributes a matching contribution equal to the employee's contributions up to a limit of 3% of the employee's compensation for the calendar year. Employees may make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code if they wish. The amount contributed by the Food Bank to retirement plans on the employees behalf for the year ended June 30, 2019 was \$11,392.

(Continued)

Northwest Louisiana Food Bank
Notes to Financial Statements
June 30, 2019
(Continued)

(10) Inventory

Purchased inventory is carried at cost, while inventory acquired from the United States Department of Agriculture is valued at fair market value. Donated inventory is based on the average price per pound as determined by the National Office of Feeding America. This price was \$1.62 for 2019.

(11) Net Assets

Net assets at June 30, 2019, consisted of the following:

Net Assets Without Donor Restrictions:	
Undesignated	\$ 2,474,069
Net investment in property and equipment	<u>2,961,177</u>
Total undesignated net assets	<u>5,435,246</u>
Designated for Building Renovations	<u>708,537</u>
Total Designated for use for programs	<u>708,537</u>
Total net assets without donor restrictions	<u>6,143,783</u>
Net Assets With Donor Restrictions:	
Subject to expenditure for specified purpose –	
Restricted for USDA commodities in inventory	398,225
Restricted for building renovations	2,293,000
Restricted for crop box	17,965
Restricted for equipment and equipment repairs	21,554
Restricted for food purchase	<u>177,582</u>
Total net assets with donor restrictions	<u>2,908,326</u>
Total Net Assets	<u>\$ 9,052,109</u>

(12) Operating Leases

The Food Bank leases vehicles under operating leases. Rental costs for these leases for the year ended June 30, 2019 totaled \$7,502. Commitments under lease agreements having initial or remaining non-cancellable terms in excess of one year are as follows:

For the Year Ending June 30,

2020	\$ 5,803
2021	3,941
2022	<u>1,970</u>
Total minimum future rentals	<u>\$ 11,714</u>

(Continued)

Northwest Louisiana Food Bank
Notes to Financial Statements
June 30, 2019
(Continued)

(13) Concentrations and Dependence

The Food Bank entered into an agreement with the Louisiana Department of Agriculture and Forestry, Food Distribution Division, for the operation of a Food Distribution Program. The agreement is permanent, unless terminated by the Louisiana Department of Agriculture and Forestry for failing to comply with the provisions, instructions, or procedures outlined in the agreement. Under the terms of the agreement, commodities from the United States Department of Agriculture are passed through the Louisiana Department of Agriculture to the Food Bank for distribution. During the year ended June 30, 2019, approximately 20%, of the total food donations received by the Food Bank were commodities from the Louisiana Department of Agriculture. During the year ended June 30, 2019, approximately 72%, of the total shared maintenance received by the Food Bank was from the Louisiana Department of Agriculture.

During the year ended June 30, 2019, the Food Bank received contractual revenue from federal, state, and local grants in the amount of \$538,351. The continued existence of these funds is based on annual contract renewals with various funding sources.

(14) Liquidity and Availability of Financial Assets

The Food Bank monitors its liquidity so that it is able to meet its operating needs and other contractual commitments while maximizing the investment of its excess operating cash. The Food Bank has the following financial assets that could readily be made available within one year of the balance sheet to fund expenses without limitations:

Financial assets at year-end:	
Cash and cash equivalents	\$ 2,588,654
Investments	291,703
Grant receivables	118,321
Other receivables	8,572
Cash restricted for building renovations and equipment	<u>2,323,000</u>
Total financial assets	5,330,250
Less amounts not available to be used within one year:	
Net assets with donor restrictions (excluding USDA inventory)	(2,510,101)
Less designated assets which are designated for program use	<u>(708,537)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,111,612</u>

As reflected above, certain designated assets are designated for program use. These assets limited to use, as reflected in Note 11, are not available for general expenditures within the next year and are, therefore, deducted from the amounts noted above. However, designated amounts could be made available, if necessary.

In addition to financial assets available to meet general expenditures over the year, the Food Bank operates with a balanced budget and anticipates covering general expenditures using the income generated from contractual agreements with governmental agencies and contributions. The Statement of Cash Flows identifies the sources and uses of the Food Bank's cash and shows positive cash generated by operations of \$774,896 for fiscal year ending June 30, 2019.

(Continued)

Northwest Louisiana Food Bank
Notes to Financial Statements
June 30, 2019
(Continued)

(15) Conditional Promise to Give

During the year ended June 30, 2017, the Food Bank received a conditional promise to give in the amount of \$100,000 to be used for its future building renovation. Funds will be received upon donor's receipt of certificate of occupancy for the project.

(16) Designated Net Assets

The Board of Directors designated cash and cash equivalents at June 30, 2019 totaling \$708,537, to provide for renovations to a new warehouse.

The above designated cash is included in net assets without donor restriction on the Statement of Financial Position.

(17) Commitment

The Food Bank entered into a contract with an architect during May 2018, to provide architectural services to renovate and construct a facility. The contract is based on six percent (6%) of the cost of work. A construction contract was signed in July 2019, in the amount of \$4,218,209. Amounts incurred under the architectural contract as of June 30, 2019, totaled \$132,393.

(18) Subsequent Events

A contract was signed in July 2019, for the renovation and construction of a building in the amount of \$4,218,209. Construction is expected to begin in July 2019, and no expenses were incurred under this contract as of June 30, 2019.

The Food Bank obtained a line of credit on July 19, 2019. The line of credit has a maximum amount of \$1,000,000. The line of credit will be used to help pay the construction costs related to the building renovation. The line of credit is secured by a mortgage on certain real estate owned by the Food Bank. As of December 19, 2019, no amounts have been drawn on the line of credit.

Subsequent events have been evaluated through December 19, 2019, the date the financial statements were available to be issued.

Northwest Louisiana Food Bank
Shreveport, Louisiana
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019

Federal Grantor / Pass-Through Grantor / Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Passed Through to Subrecipients	Expenditures
<u>U.S. Department of Homeland Security</u>				
Passed through a local governing board Emergency Food and Shelter Program	97.024	Unknown	\$	\$ 17,000
<u>U.S. Department of Agriculture and Forestry</u>				
Passed through the Louisiana Department of Agriculture and Forestry Food Distribution Cluster				
Emergency Food Assistance Program				
Food Commodities	10.569	Unknown	2,665,144	2,665,144
Administrative Costs	10.568	Unknown		288,551
Total Food Distribution Cluster			<u>2,665,144</u>	<u>2,953,695</u>
Passed through the Louisiana Department of Education				
Child and Adult Care Food Program	10.558	Unknown		377,738
Summer Food Service Program	10.559	Unknown		73,260
Passed through the Louisiana Department of Children and Family Services				
SNAP Program	10.561	unknown		66,370
Total U.S. Department of Agriculture			<u>2,665,144</u>	<u>3,471,063</u>
Total Expenditures of Federal Awards			<u>\$ 2,665,144</u>	<u>\$ 3,488,063</u>

NOTE 1: The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Northwest Louisiana Food Bank, under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Northwest Louisiana Food Bank, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Northwest Louisiana Food Bank.

NOTE 2: Northwest Louisiana Food Bank does not utilize an indirect cost rate.

NOTE 3: Nonmonetary assistance is reported in the schedule at the fair value of the commodities received and distributed. At June 30, 2019, the Food Bank had USDA Food Commodities in inventory totaling \$398,225.

Northwest Louisiana Food Bank
Shreveport, Louisiana
Schedule of Compensation, Benefits, and Other Payments to Agency Head
For the Year Ended June 30, 2019

Agency Head: Martha Marak, Executive Director

The following payments were made from public funds:

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 8,211

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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

Independent Auditors' Report

To the Board of Directors
Northwest Louisiana Food Bank

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 Northwest Louisiana Food Bank, (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 19, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Northwest Louisiana Food Bank'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 Northwest Louisiana Food Bank's internal control. Accordingly, we do not express an opinion on the effectiveness of Northwest Louisiana Food Bank's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Northwest Louisiana 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Cook & Morehart
Certified Public Accountants
December 19, 2019

COOK & MOREHART

Certified Public Accountants

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Report on Compliance for Each Major Program and on Internal Control Over Compliance Required By the Uniform Guidance

Independent Auditors' Report

To the Board of Directors
Northwest Louisiana Food Bank

Report on Compliance for Each Major Federal Program

We have audited Northwest Louisiana Food Bank'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 Northwest Louisiana Food Bank's major federal programs for the year ended June 30, 2019. Northwest Louisiana Food Bank's major federal program is 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Northwest Louisiana Food Bank, Inc.'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 Northwest Louisiana Food Bank, Inc.'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 Northwest Louisiana Food Bank's compliance.

Opinion on Each Major Federal Program

In our opinion, Northwest Louisiana Food Bank 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, 2019.


Report on Internal Control Over Compliance

Management of Northwest Louisiana Food Bank 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 Northwest Louisiana Food Bank'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 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 Northwest Louisiana Food Bank'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 deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



Cook & Morehart
Certified Public Accountants
December 19, 2019

Northwest Louisiana Food Bank
Shreveport, Louisiana
Summary Schedule of Prior Audit Findings
June 30, 2019

There were no findings or questioned costs for the audit for the year ended June 30, 2018.

Schedule of Findings and Questioned Costs
June 30, 2019

A. Summary of Audit Results

Financial Statements

Type of audit report issued : Unmodified

Internal control over financial reporting :

Material weaknesses identified :	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
Significant deficiencies identified :	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> none reported

Noncompliance material to financial
statements noted :

<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
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Federal Awards

Internal control over major programs :

Material weaknesses identified :	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
Significant deficiencies identified :	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> none reported

Type of auditors' report issued on compliance
for major federal programs : Unmodified

Any audit findings disclosed that are required to
be reported in accordance with 2 CFR section
200.516(a)

<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
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Identification of major federal programs :

Emergency Food Assistance Program Cluster - CFDA #10.569 and 10.568

Dollar threshold used to distinguish between
type A and type B programs : \$750,000

Auditee qualified as low risk :	<input checked="" type="checkbox"/> yes	<input type="checkbox"/> no
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B. Findings – Financial Statements Audit: None

C. Findings and Questioned Costs – Major Federal Award Programs Audit: None

Northwest Louisiana Food Bank
Shreveport, Louisiana
Schedule of Audit Findings For Louisiana Legislative Auditor
June 30, 2019

There were no findings for the prior audit period for the year ended June 30, 2018.

There are no findings for the current audit period for the year ended June 30, 2019.