

**The Food Bank of Central Louisiana**

**Alexandria, Louisiana**

**Financial Statements**

**June 30, 2018**

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## Independent Auditors' Report

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

### Report on the Financial Statement

We have audited the accompanying financial statements of The Food Bank of Central Louisiana (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

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

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

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

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**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Food Bank of Central Louisiana as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Report on Summarized Comparative Information**

We have previously audited the Food Bank of Central Louisiana's 2017 financial statements, and our report dated November 20, 2017, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

**Other Matters**

*Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of compensation, benefits and other payments to executive director and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 1, 2018, on our consideration of the Food Bank of Central Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Food Bank of Central Louisiana's internal control over financial reporting and compliance.

  
Knight Masden

Alexandria, Louisiana  
October 1, 2018



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

	<u>2018</u>	<u>2017</u> Summarized <u>Total</u>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 24,913	\$ 56,422
Accounts receivable	13,997	12,094
Pledges receivable, net of allowance for doubtful accounts	207,788	675,760
Grants receivable	209,333	231,019
Inventory	1,144,790	1,297,515
Prepaid expenses	<u>14,568</u>	<u>6,204</u>
Total Current Assets	1,615,389	2,279,014
 Plant, Property and Equipment, net	 3,225,837	 2,454,616
 <b>Other Assets</b>		
Pledges receivable, net of allowance for doubtful accounts - long term	 23,518	 442,723
Restricted cash	<u>301,005</u>	<u>467,431</u>
Total Other Assets	<u>324,523</u>	<u>910,154</u>
 Total Assets	 <u>\$ 5,165,749</u>	 <u>\$ 5,643,784</u>
 <b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 80,748	\$ 93,002
Payroll liabilities	54,501	45,556
Notes payable	<u>442,336</u>	<u>237,408</u>
Total Current Liabilities	577,585	375,966
 Long Term Liabilities	 <u>180,734</u>	 <u>163,354</u>
 Total Liabilities	 758,319	 539,320
 <b>Net Assets</b>		
Unrestricted	3,734,697	3,691,082
Temporarily restricted	<u>672,733</u>	<u>1,413,382</u>
Total Net Assets	<u>4,407,430</u>	<u>5,104,464</u>
 Total Liabilities and Net Assets	 <u>\$ 5,165,749</u>	 <u>\$ 5,643,784</u>

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

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

	<u>Unrestricted</u>	<u>2018 Temporarily Restricted</u>	<u>Total</u>	<u>2017 Summarized Total</u>
Revenues				
Contributions, gifts and grants	\$ 361,546	\$ 857,719	\$ 1,219,265	\$ 2,086,903
Contributions, gifts and grants (in-kind)	4,981,359	1,056,361	6,037,720	6,638,884
Program service revenue	84,629	-	84,629	100,901
Other income	<u>13,355</u>	<u>-</u>	<u>13,355</u>	<u>126,534</u>
Total Revenues	5,440,889	1,914,080	7,354,969	8,953,222
Net Assets released from restrictions	2,654,729	(2,654,729)	-	-
Functional Expenses				
Program services	7,516,563	-	7,516,563	7,804,929
Management and general	260,121	-	260,121	222,363
Fund raising	<u>275,319</u>	<u>-</u>	<u>275,319</u>	<u>294,157</u>
Total Functional Expenses	8,052,003	<u>-</u>	8,052,003	8,321,449
Change in Net Assets	43,615	(740,649)	(697,034)	631,773
Net Assets - Beginning	<u>3,691,082</u>	<u>1,413,382</u>	<u>5,104,464</u>	<u>4,472,691</u>
Net Assets - Ending	<u>\$ 3,734,697</u>	<u>\$ 672,733</u>	<u>\$ 4,407,430</u>	<u>\$ 5,104,464</u>

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

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

	<u>2018</u>	2017 Summarized <u>Total</u>
Cash Flows from Operating Activities		
Change in Net Assets	\$ (697,034)	\$ 631,773
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities		
Depreciation	169,676	128,236
(Increase) decrease in receivables	906,960	46,768
(Increase) decrease in prepaid expenses	(8,364)	3,814
(Increase) decrease in donated inventory	152,725	(70,613)
Increase (decrease) in accounts payable	(12,254)	12,746
Increase (decrease) in other liabilities	8,945	4,335
Net Cash Provided/(Used) by Operating activities	<u>520,654</u>	<u>757,059</u>
Cash flows from Investing Activities		
Purchase of fixed assets	<u>(855,866)</u>	<u>(604,583)</u>
Net Cash Provided/(Used) by Investing Activities	(855,866)	(604,583)
Cash flows from Financing Activities		
Draw on line of credit	394,838	698,545
Repayment of debt	<u>(257,561)</u>	<u>(687,182)</u>
Net Cash Provided/(Used) by Financing Activities	<u>137,277</u>	<u>11,363</u>
Net Increase (Decrease) in Cash and Cash equivalents	(197,935)	163,839
Cash and Cash Equivalents - Beginning	<u>523,853</u>	<u>360,014</u>
Cash and Cash Equivalents - Ending	<u>\$ 325,918</u>	<u>\$ 523,853</u>
Consisting of:		
Cash and cash equivalents	\$ 24,913	\$ 56,422
Restricted cash	<u>301,005</u>	<u>467,431</u>
Total	<u>\$ 325,918</u>	<u>\$ 523,853</u>
Cash paid for interest	<u>\$ 23,828</u>	<u>\$ 19,050</u>
Non-cash purchase of asset	<u>\$ 85,031</u>	<u>\$ -</u>

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

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

	Program <u>Services</u>	Management <u>and General</u>	Fund <u>Raising</u>	2018 <u>Total</u> <u>Expenses</u>	2017 <u>Summarized</u> <u>Total</u>
Food costs	\$6,251,746	\$ -	\$ -	\$ 6,251,746	\$ 6,608,175
Freight	116,997	-	-	116,997	87,940
Contract labor	42,263	1,380	-	43,643	62,964
Insurance	55,958	7,874	920	64,752	70,736
Lease	13,585	1,170	1,170	15,925	17,191
Repairs and maintenance	65,109	-	-	65,109	93,501
Supervision expense	60,068	-	-	60,068	58,374
Volunteer expense	717	-	-	717	1,072
Warehouse expense	19,564	2,086	-	21,650	15,941
Depreciation	152,708	16,968	-	169,676	128,236
Direct mail	-	-	118,135	118,135	129,853
Other fundraising	-	-	37,338	37,338	28,393
Payroll expenses	576,832	152,426	68,715	797,973	716,464
Advertising	7,141	-	25,682	32,823	35,779
Bad debt	-	27,293	-	27,293	8,154
Bank charges	-	-	3,141	3,141	4,748
Dues and subscriptions	4,937	4,938	-	9,875	9,116
Education and seminars	155	2,590	-	2,745	4,715
Public relations	102	-	3,600	3,702	5,514
Other program expense	31,611	168	-	31,779	69,785
Meals	1,166	2,383	-	3,549	3,331
Security	960	480	-	1,440	1,145
Software maintenance	9,229	5,171	5,171	19,571	8,136
Telephone	6,345	1,760	1,760	9,865	10,781
Travel	11,228	1,974	1,316	14,518	21,431
Utilities	46,208	5,535	-	51,743	49,962
Interest	20,994	2,834	-	23,828	20,235
Taxes and licenses	1,854	-	-	1,854	1,011
Legal and professional	-	16,933	-	16,933	12,500
Office expense	19,086	6,158	8,371	33,615	36,266
	<u>\$7,516,563</u>	<u>\$ 260,121</u>	<u>\$ 275,319</u>	<u>\$ 8,052,003</u>	<u>\$ 8,321,449</u>

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

The Food Bank of Central Louisiana  
Notes to the Financial Statements  
June 30, 2018

**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:

*Unrestricted net assets* – Net assets not subject to donor-imposed stipulations.

*Temporarily restricted net assets* – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Food Bank and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

*Permanently restricted net assets* – Net assets subject to donor-imposed stipulations that they be maintained permanently by Food Bank. Generally, the donors of these assets permit the Food Bank to use all or part of the income earned on any related investments for general or specific purposes.

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  
June 30, 2018

**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  
June 30, 2018

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

Accounts Receivable

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

Pledges Receivable

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

**Note 2 – Pledges Receivable**

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

<u>Year Due</u>	<u>Gross Amount</u>	<u>Net Present Value</u>
2019	\$298,761	\$298,761
2020	19,529	19,010
2021	5,725	5,425
2022	<u>3,000</u>	<u>2,767</u>
	<u>\$327,015</u>	325,963
Allowance for doubtful accounts		<u>(94,657)</u>
Total		<u>\$231,306</u>
Reported as		
Short-term pledges receivable		\$ 207,788
Long-term pledges receivable		<u>23,518</u>
Total		<u>\$231,306</u>

The Food Bank of Central Louisiana  
Notes to the Financial Statements  
June 30, 2018

**Note 3 – Fixed Assets and Depreciation**

The following schedule summarizes estimated useful life, cost and accumulated depreciation of property, plant and equipment as of June 30, 2018:

<u>Description</u>	<u>Life</u>	
Equipment	5 - 7 years	\$ 938,858
Building	39 years	3,212,232
Land		90,647
Less: Accumulated Depreciation		<u>(1,015,900)</u>
Net Fixed Assets		<u>\$3,225,837</u>

Depreciation expense for the year ended June 30, 2018 was \$169,676.

**Note 4 – Restricted Cash**

Restricted cash as of June 30, 2018 totaled \$301,005, and were restricted for the following purposes:

<u>Restriction</u>	<u>Amount</u>
Good Food Project	\$116,599
School Pantry	39,677
Operating Reserves	119,090
Adopt-a-Senior	17,089
FEMA	<u>8,550</u>
Total	<u>\$301,005</u>

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

**Note 5–Restricted Net Assets**

Temporarily restricted net assets as of June 30, 2018 total \$514,162, and were restricted for the following purposes:

<u>Restriction</u>	<u>Amount</u>
Capital Campaign	\$174,144
Good Food Project	116,599
BackPack Program	12,500
FEMA Food Purchase	14,440
School Pantry	170,186
USDA Commodities Inventory	<u>184,864</u>
Total	<u>\$672,733</u>

As of June 30, 2018 Food Bank had no permanently restricted net assets.

The Food Bank of Central Louisiana  
Notes to the Financial Statements  
June 30, 2018

**Note 6 – Donated Food**

Activity of donated food inventory is summarized as follows:

<u>Unrestricted</u>	
Beginning Unrestricted Inventory	\$ 1,177,957
Donations received	4,979,564
Purchases	36,804
Distributed, discarded and adjustments	<u>(5,246,999)</u>
Ending Unrestricted Inventory	947,326
<u>Temporarily Restricted</u>	
Beginning Temporarily Restricted Inventory	119,558
Donations received	1,056,361
Purchases	20,890
Distributed, discarded and adjustments	<u>(999,345)</u>
Ending Temporarily Restricted Inventory	<u>197,464</u>
Total Ending Inventory	<u>\$1,144,790</u>

**Note 7 – 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 8 – 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 \$8,339 to this Plan during the year ended June 30, 2018.

**Note 9 – Leases**

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

- a) Copier Lease – This lease was entered into on November 10, 2005, and is for \$350 per month for an undetermined number of payments.

The Food Bank of Central Louisiana  
Notes to the Financial Statements  
June 30, 2018

**Note 9 – Leases (Continued)**

Future minimum lease obligations for the next five years are:

Years Ended <u>June 30</u>	<u>Amounts</u>
2019	\$4,200
2020	\$4,200
2021	\$4,200
2022	\$4,200
2023	\$4,200

The total lease payments made during the year ended June 30, 2018 was \$15,925.

**Note 10 – Notes Payable**

Line of credit with Red River Bank for \$500,000;  
dated November 20, 2015; payable in monthly interest  
payments; principal due January 12, 2019  
with variable interest rate of 3.5%. \$ 373,253

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%. 150,010

Note payable to Red River Bank for purchase  
of a 2018 International Truck; dated August 10, 2017;  
collateralized by same truck; payable in 72 monthly  
payments of \$1,342.36; with interest rate of 4.25%. 74,491

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. 12,071

The Food Bank of Central Louisiana  
Notes to the Financial Statements  
June 30, 2018

**Note 10 – Notes Payable (continued)**

Note payable to Chandler Corporation, LLC for purchase of land located on Baldwin Avenue, Alexandria, LA; dated September 19, 2013; collateralized by land; payable in 60 monthly payments of \$1,686.81; with interest rate of 5.00%.	<u>13,245</u>
Total	623,070
Less current portion	<u>(442,336)</u>
Total long term notes payable	<u>\$180,734</u>

Future maturities of notes payable as of June 30, 2018 were as follows:

Years Ended <u>June 30</u>	<u>Amounts</u>
2019	\$442,336
2020	\$ 46,217
2021	\$ 48,841
2022	\$ 51,599
2023	\$ 31,407
2024 and subsequent	\$ 2,670

**Note 11 – Fair Value Measurement**

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

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

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.

The Food Bank of Central Louisiana  
Notes to the Financial Statements  
June 30, 2018

**Note 11 – Fair Value Measurement (Continued)**

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, 2018 are as follows:

<u>Description</u>	<u>Fair Value Measurement at June 30, 2018 Using</u>			
	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash	\$325,918	\$325,918	\$ -	\$ -

**Note 12 – Concentrations of Risk**

Inventory donations make up approximately 74% of the Food Bank's operating revenues for the year ended June 30, 2018. The majority of the inventory donations are received from Feeding America and U.S. Department of Agriculture through the Louisiana Department of Agriculture and Forestry. The Food Bank is dependent on continuing support by these agencies.

**Note 13 – Subsequent Events**

The Food Bank has no material subsequent events that would require disclosure. Subsequent events have been evaluated through October 1, 2018, which is the date the financial statements were available for issuance.

**Note 14 – Income Taxes**

As of June 30, 2018, tax years 2015 and subsequent were still within the prescription period for examination by taxing authorities.

The Food Bank of Central Louisiana  
Schedule of Federal Awards  
For the Year Ended June 30, 2018

<u>Federal Grantor/Pass-through Grantor</u>	<u>Federal CDFA Number</u>	<u>Pass- through Identifying Number</u>	<u>Pass- through to Sub- recipients</u>	<u>Federal Expenditures</u>
U. S. Department of Agriculture –				
Emergency Food Assistance Program				
Indirect Programs:				
Louisiana Department of Agriculture and Forestry	10.568		\$442,735	\$ 983,856
Louisiana Department of Agriculture and Forestry	10.569			<u>132,615</u>
Total for Emergency Food Assistance Program				1,116,471
State Administrative Funding for the Food Stamp Program				
Indirect Programs:				
Louisiana Department of Agriculture and Forestry	10.561			23,043
Soil and Water Conservation Direct Award	10.902			2,753
Rural Development Grant Direct Award	10.351			<u>303,000</u>
Total U. S. Department of Agriculture				1,445,267
U. S. Department Homeland Security				
Direct Program				
Emergency Food and Shelter Program	97.024		-	<u>20,889</u>
Total Expenditures of Federal Awards			<u>\$442,735</u>	<u>\$ 1,466,156</u>

The Food Bank of Central Louisiana  
Notes to the Schedule of Federal Awards  
For the Year Ended June 30, 2018

**Note A – Basis of Presentation**

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

**Note B – Food Distribution**

Non-monetary assistance is reported in the schedule at the estimated cost of the commodities disbursed. At June 30, 2018, the organization has USDA commodities valued at \$184,864 in inventory.

**Note C – Sub-Recipients**

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

**Note D – Indirect Cost Rate Election**

The Food Bank did not elect to use the 10% de minimis indirect cost rate during the year ended June 30, 2018.



# KnightMasden

A Professional Accounting Corporation

John E. Theriot II, CPA, CGMA

Dona C. Manuel, CPA

Stephanie R. Lemoine, CPA

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Coan I. Knight, Jr., CPA

Joél D. Martin, CPA

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The Food Bank of Central Louisiana (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, 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 October 1, 2018.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered The Food Bank of Central Louisiana's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Food Bank of Central Louisiana's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be material weaknesses, 2018-001.

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### **Compliance and Other Matters**

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

### **Food Bank of Central Louisiana's Response to Findings**

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

### **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  
October 1, 2018





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

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

### **Report on Compliance for Each Major Federal Program**

We have audited The Food Bank of Central Louisiana's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of The Food Bank of Central Louisiana's major federal programs for the year ended June 30, 2018. The Food Bank of Central Louisiana's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### ***Management's Responsibility***

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

### ***Auditor's Responsibility***

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

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

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***Opinion on Each Major Federal Program***

In our opinion, The Food Bank of Central Louisiana complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

***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 2018-002 and 2018-003. Our opinion on each major federal program is not modified with respect to these matters.

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

**Report on Internal Control Over Compliance**

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over



compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we considered to be a material weakness. However, a material weakness may exist that has not been identified.

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



**KnightMadsen**  
Alexandria, Louisiana  
October 1, 2018



The Food Bank of Central Louisiana  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2018

**A. Summary of Auditors' Results**

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

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

The Food Bank of Central Louisiana  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2018

**B. Findings – Financial Statement Audit**

INTERNAL CONTROL AND COMPLIANCE FINDING

**2018-001 Inventory Valuation**

Condition:

The calculation and subsequent recording of inventory and related cost of sales and donation income were performed incorrectly.

Criteria:

Inventory calculation needs to use correct number of items and donation of inventory needs to be recorded.

Effect:

Inventory was overstated and cost of sales and donations were understated.

Cause:

Incorrect figures were used in the inventory calculation and the journal entry to record the donation of inventory was not recorded.

Recommendation:

All sides of the inventory process need to be booked correctly and calculation of inventory needs to be reviewed to determine the correct figures are being used.

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, 2018

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

DEPARTMENT OF AGRICULTURE

Passed through the State of Louisiana

**2018-002 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 were 12 agencies that did not have an annual review in a timely manner.

Recommendation:

The Food Bank needs to schedule all annual reviews within the 12 month window.

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, 2018

**2018-003 Individual Eligibility Verification**

Condition:

All individuals receiving USDA commodities did not have all documentation necessary in their file.

Criteria:

All individuals receiving USDA commodities must meet eligibility guidelines, which is determined through an application process.

Effect:

The Food Bank is not in compliance with grant requirements.

Cause:

The recertification application could not be located for one individual selected.

Recommendation:

All new applications or recertifications should be filed by individual to document that the individual is eligible to receive commodities.

Response:

See Management's Corrective Action Plan for their response.

The Food Bank of Central Louisiana  
Management's Corrective Action Plan  
For the Year Ended June 30, 2016

**2018-001 Inventory Valuation**

Condition:

The calculation and subsequent recording of inventory and related cost of sales and donation income were performed incorrectly.

Response:

Management is continually striving to improve Food Bank processes and its system of controls to ensure that the necessary entries are completed during the preparation of the financial statements in compliance with generally accepted accounting principles. All sides of the inventory process entries will be reviewed by a second person prior to the posting of the necessary entries made to record the value of inventory.

Implementation Date:

October 1, 2018

Contact:

Jayne-Wright Velez, Executive Director (318) 445-2773.

**2018-002 Subrecipient Monitoring**

Condition:

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

Response:

Management is working with staff to ensure that all sub-recipients undergo an annual review within the 12-month window. While all the subrecipients did undergo an annual review within 13 months, the standard remains 12 months.

Implementation Date:

October 1, 2018

Contact:

Jayne-Wright Velez, Executive Director (318) 445-2773.

The Food Bank of Central Louisiana  
Management's Corrective Action Plan  
For the Year Ended June 30, 2016

**2018-003 Individual Eligibility Verification**

**Condition:**

All individuals receiving USDA commodities did not have all documentation necessary in their file.

**Response:**

Management is working to ensure that all new applications and recertifications are completed and filed in individual client files to document that the individuals are eligible to receive commodities on an annual basis.

**Implementation Date:**

October 1, 2018

**Contact:**

Jayne-Wright Velez, Executive Director (318) 445-2773.

The Food Bank of Central Louisiana  
Summary of Prior Audit Findings  
For the Year Ended June 30, 2017

**No prior year findings.**

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, 2018

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 12,022
Benefits - insurance	1,148
Benefits - retirement	365
Travel/mileage reimbursements	165
Registration fees	<u>147</u>
	<u>\$ 13,847</u>

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



# KnightMadden

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Joél D. Martin, CPA

## 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, 2017 through June 30, 2018. 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.*

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- 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

*Bid policy is present. We suggest adding to this policy to include public bid law.*

- 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 concerning cash collections is present but needs expanding to include all receipts.*

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 (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

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

e. Payroll/Personnel, including

i. payroll processing, and

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

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

*Policy is not 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 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 (e.g., determining the reasonableness of fuel card purchases)

*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 not 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 all employees, including elected officials, annually attest through signature verification that they have read 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.*

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 that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. Alternately, for those entities reporting on the non-profit 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.

*Financial matters are discussed at every board meeting.*

- c. For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted 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 unrestricted fund balance in the general fund.

*Entity is not a governmental entity, not applicable.*

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:

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

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

*Monthly bank reconciliations were prepared for each bank account selected within 2 months of the 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 (e.g., initialed and dated, electronically logged); and

*Bank reconciliations are not reviewed by a member of management or board member that is not involved in banking transactions.*

- 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.

*There were no reconciling items that have been outstanding more than 6 months on the reconciliations that were selected.*

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 (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

- a. Employees 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 (e.g. pre-numbered receipts) to the deposit.

*The employee responsible for preparing/making bank deposits is also 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 also 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.

*Another employee that is not responsible for collecting cash or reconciling the account reviews the reconciliation.*

6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

*Employees with access to cash are not 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 all 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).

*No receipt is used to record the date of receipt.*

- 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.

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

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

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

- 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.

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

- 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.

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

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 that the disbursement matched the related original invoice/billing statement.

*The disbursement matched the related original invoice/billing statement.*

- b. Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

*The disbursement did not include 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 (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]]

*There was no evidence that the monthly statements and supporting documents were reviewed and approved in writing, by someone other than the cardholder.*

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

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

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). 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 one of the tested transactions.*

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

*Written documentation of the business purpose was present in all but one of the tested transactions.*

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

*There was no documentation of individuals participating in meals for two of the three transactions for which this applied.*

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](http://www.gsa.gov)).

*Not applicable to the transactions tested.*

- 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 items tested.*

- 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 but one of the tested 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 reimbursement for all but one 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 selected were subject to the Louisiana Public Bid Law.*

- b. Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

*The contracts that required approval were approved.*

- c. If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.

*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.

*For all transactions tested, a supporting invoice was present. The invoice agreed to the contract terms for all but one contract for which it was not applicable. The invoice and related payment agreed to the terms and conditions of the contract for all but two of the tested transactions for which it was not applicable.*

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. No authorized salary/pay rate information in personnel files.*

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 (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

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

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

*Supervisor approved attendance and leave was present for the one employee tested for which this applied.*

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

*Leave accrued or taken during pay period was reflected in the entity's cumulative leave records for the two employees tested for which this applied.*

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/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

*A list was obtained. Client represented that it was complete. No leave was due at time of termination and no pay rate information included in personnel file.*

19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and 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 that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

*Not applicable to non-profits.*

- b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

*Not applicable to non-profits.*

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note 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 misappropriations of public funds during fiscal period.*

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.

*The entity does have the notice required by R.S. 24:523.1 posted on its website.*

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.



**KnightMasden**  
Alexandria, Louisiana  
October 1, 2018



**KnightMasden**

A Professional Accounting Corporation