

The Food Bank of Central Louisiana

Alexandria, Louisiana

Financial Statements

June 30, 2017

Table of Contents

Independent Auditors' Report.....	1
Basic Financial Statements	
Statement of Financial Position	3
Statement of Activities.....	4
Statement of Cash Flows	5
Statement of Functional Expenses	6
Notes to Financial Statements.....	7
Schedule of Federal Awards	15
Notes to the Schedule of Federal Awards for the Year Ended June 30, 2017	16
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	17
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	19
Schedule of Findings and Questioned Costs.....	22
Summary of Prior Audit Findings.....	24
Schedule of Compensation, Benefits, and Other Payments to Executive Director	25



KnightMasden

A Professional Accounting Corporation

John E. Theriot II, CPA, CGMA
Dona C. Manuel, CPA

Coan I. Knight, Jr., CPA
Stephanie R. Lemoine, CPA

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, 2017, 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.

5615 J Jackson Street
Alexandria, Louisiana 71303
PH: 318-445-9334
FAX: 318-445-0996
www.knightmasden.com

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, 2017, 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 2016 financial statements, and our report dated October 18, 2016, 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, 2016, 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 November 20, 2017, 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

KnightMasden

Alexandria, Louisiana

November 20, 2017



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

	<u>2017</u>	2016 Summarized <u>Total</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 56,423	\$ 31,161
Accounts receivable	12,094	10,368
Pledges receivable, net of allowance for doubtful accounts	675,760	450,298
Grants receivable	231,019	280,606
Inventory	1,297,515	1,226,902
Prepaid expenses	<u>6,204</u>	<u>10,018</u>
Total Current Assets	2,279,015	2,009,353
 Plant, Property and Equipment, net	 2,454,616	 1,962,519
 Other Assets		
Pledges receivable, net of allowance for doubtful accounts - long term	442,723	667,092
Restricted cash	<u>467,431</u>	<u>328,853</u>
Total Other Assets	<u>910,154</u>	<u>995,945</u>
 Total Assets	 <u>\$ 5,643,785</u>	 <u>\$ 4,967,817</u>
 Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 93,003	\$ 80,257
Payroll liabilities	45,556	41,220
Notes payable	<u>237,408</u>	<u>162,644</u>
Total Current Liabilities	375,967	284,121
 Long Term Liabilities	 <u>163,354</u>	 <u>211,005</u>
Total Liabilities	539,321	495,126
 Net Assets		
Unrestricted	3,691,082	2,697,609
Temporarily restricted	<u>1,413,382</u>	<u>1,775,082</u>
Total Net Assets	<u>5,104,464</u>	<u>4,472,691</u>
 Total Liabilities and Net Assets	 <u>\$ 5,643,785</u>	 <u>\$ 4,967,817</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>2017</u>	<u>2016</u>		
	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>Total</u>	Summarized <u>Total</u>
Revenues				
Contributions, gifts and grants	\$ 667,033	\$ 1,419,870	\$ 2,086,903	\$ 2,204,944
Contributions, gifts and grants (in-kind)	5,661,849	977,035	6,638,884	6,352,781
Program service revenue	100,901	-	100,901	111,733
Other income	126,534	-	126,534	5,682
Total Revenues	<u>6,556,317</u>	<u>2,396,905</u>	<u>8,953,222</u>	<u>8,675,140</u>
Net Assets released from restrictions	2,758,605	(2,758,605)	-	-
Functional Expenses				
Program services	7,804,929	-	7,804,929	7,350,248
Management and general	222,363	-	222,363	302,964
Fund raising	294,157	-	294,157	333,066
Total Functional Expenses	<u>8,321,449</u>	<u>-</u>	<u>8,321,449</u>	<u>7,986,278</u>
Change in Net Assets	993,473	(361,700)	631,773	688,862
Net Assets - Beginning	<u>2,697,609</u>	<u>1,775,082</u>	<u>4,472,691</u>	<u>3,783,829</u>
Net Assets - Ending	<u>\$ 3,691,082</u>	<u>\$ 1,413,382</u>	<u>\$ 5,104,464</u>	<u>\$ 4,472,691</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>2017</u>	2016 Summarized <u>Total</u>
Cash Flows from Operating Activities		
Change in Net Assets	\$ 631,773	\$ 688,862
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities		
Depreciation	128,236	89,291
(Increase) decrease in receivables	46,768	39,527
(Increase) decrease in prepaid expenses	3,814	8,267
(Increase) decrease in donated inventory	(70,613)	(88,403)
Increase (decrease) in accounts payable	12,746	2,786
Increase (decrease) in other liabilities	<u>4,336</u>	<u>2,297</u>
Net Cash Provided/(Used) by Operating activities	<u>757,060</u>	<u>742,627</u>
Cash flows from Investing Activities		
Purchase of fixed assets	<u>(604,583)</u>	<u>(1,048,574)</u>
Net Cash Provided/(Used) by Investing Activities	<u>(604,583)</u>	<u>(1,048,574)</u>
Cash flows from Financing Activities		
Draw on line of credit	698,545	113,116
Repayment of debt	<u>(687,182)</u>	<u>(267,004)</u>
Net Cash Provided/(Used) by Financing Activities	<u>11,363</u>	<u>(153,888)</u>
Net Increase (Decrease) in Cash and Cash equivalents	163,840	(459,835)
Cash and Cash Equivalents - Beginning	<u>360,014</u>	<u>819,849</u>
Cash and Cash Equivalents - Ending	<u>\$ 523,854</u>	<u>\$ 360,014</u>
Consisting of:		
Cash and cash equivalents	\$ 56,423	\$ 31,161
Restricted cash	<u>467,431</u>	<u>328,853</u>
Total	<u>\$ 523,854</u>	<u>\$ 360,014</u>
Cash paid for interest	<u>\$ 20,235</u>	<u>\$ 19,050</u>
Non-cash purchase of asset	<u>\$ 15,750</u>	<u>\$ 15,750</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	Management	Fund	2017	2016
	<u>Services</u>	<u>and General</u>	<u>Raising</u>	<u>Total</u>	<u>Summarized</u>
				<u>Expenses</u>	<u>Total</u>
Food costs	\$6,608,175	\$ -	\$ -	\$ 6,608,175	\$ 6,305,962
Freight	87,940	-	-	87,940	94,684
Contract labor	56,769	6,195	-	62,964	31,482
Insurance	60,063	6,693	3,980	70,736	66,616
Lease	15,851	770	570	17,191	7,330
Repairs and maintenance	93,501	-	-	93,501	100,020
Supervision expense	58,374	-	-	58,374	56,717
Volunteer expense	1,072	-	-	1,072	1,405
Warehouse expense	15,913	28	-	15,941	15,636
Depreciation	115,412	12,824	-	128,236	89,291
Direct mail	11,789	-	118,064	129,853	112,975
Other fundraising	4,669	1,496	22,228	28,393	43,988
Payroll expenses	485,867	152,445	78,152	716,464	724,442
Advertising	4,532	-	31,247	35,779	31,648
Bad debt	-	8,154	-	8,154	96,167
Bank charges	-	-	4,748	4,748	3,828
Dues and subscriptions	6,837	2,029	250	9,116	9,155
Education and seminars	3,800	915	-	4,715	2,895
Public relations	-	-	5,514	5,514	3,431
Other program expense	69,785	-	-	69,785	36,552
Meals	2,003	1,328	-	3,331	2,554
Security	935	105	105	1,145	2,265
Software maintenance	1,551	1,497	5,088	8,136	4,833
Telephone	4,238	3,194	3,349	10,781	11,252
Travel	17,365	2,360	1,706	21,431	21,179
Utilities	42,638	4,531	2,793	49,962	41,264
Interest	19,486	749	-	20,235	19,050
Taxes and licenses	1,011	-	-	1,011	1,313
Legal and professional	-	12,500	-	12,500	13,111
Office expense	15,353	4,550	16,363	36,266	35,233
	<u>\$7,804,929</u>	<u>\$ 222,363</u>	<u>\$ 294,157</u>	<u>\$ 8,321,449</u>	<u>\$ 7,986,278</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, 2017

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.

The Food Bank began during the year ended June 30, 2011 a project to create a community garden. The project will supply the Food Bank with fresh produce to distribute and working with other organizations and individuals to start other community gardens. The project also will help 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, 2017

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, 2017

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 1.01%. Pledges receivable are due as follows:

<u>Year Due</u>	<u>Gross Amount</u>	<u>Net Present Value</u>
2018	\$ 732,554	\$ 732,554
2019	310,721	304,957
2020	178,087	171,541
2021	5,225	4,940
2022	<u>500</u>	<u>464</u>
	<u>\$1,227,087</u>	1,214,456
Allowance for doubtful accounts		<u>(95,973)</u>
Total		<u>\$1,118,483</u>
Reported as		
Short-term pledges receivable		\$ 675,760
Long-term pledges receivable		<u>442,723</u>
Total		<u>\$1,118,483</u>

The Food Bank of Central Louisiana
Notes to the Financial Statements
June 30, 2017

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, 2017:

<u>Description</u>	<u>Life</u>	
Equipment	5 - 7 years	\$ 664,716
Building	39 years	2,545,476
Land		90,647
Less: Accumulated Depreciation		<u>(846,223)</u>
Net Fixed Assets		<u>\$2,454,616</u>

Depreciation expense for the year ended June 30, 2017 was \$128,236.

Note 4 – Restricted Cash

Restricted cash as of June 30, 2017 totaled \$467,431, and were restricted for the following purposes:

<u>Restriction</u>	<u>Amount</u>
Good Food Project	\$169,899
School Pantry	77,595
Capital Campaign	13,169
Operating Reserves	200,099
Adopt-a-Senior	6,659
FEMA	<u>10</u>
Total	<u>\$467,431</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, 2017 total \$1,413,382, and were restricted for the following purposes:

<u>Restriction</u>	<u>Amount</u>
Capital Campaign	\$ 866,966
Good Food Project	189,899
BackPack Program	20,000
Kid’s Café	5,000
School Pantry	219,158
USDA Commodities Inventory	<u>112,359</u>
Total	<u>\$1,413,382</u>

As of June 30, 2017 Food Bank had no permanently restricted net assets.

The Food Bank of Central Louisiana
Notes to the Financial Statements
June 30, 2017

Note 6 – Donated Food

Activity of donated food inventory is summarized as follows:

<u>Unrestricted</u>	
Beginning Unrestricted Inventory	\$ 1,061,900
Donations received	5,661,269
Purchases	26,593
Distributed, discarded and adjustments	<u>(5,564,606)</u>
Ending Unrestricted Inventory	1,185,156
<u>Temporarily Restricted</u>	
Beginning Temporarily Restricted Inventory	165,002
Donations received	977,035
Purchases	13,892
Distributed, discarded and adjustments	<u>(1,043,570)</u>
Ending Temporarily Restricted Inventory	<u>112,359</u>
 Total Ending Inventory	 <u>\$1,297,515</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 \$6,782 to this Plan during the year ended June 30, 2017.

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, 2017

Note 9 – Leases (Continued)

Future minimum lease obligations for the next five years are:

Years Ended <u>June 30</u>	<u>Amounts</u>
2017	\$4,200
2018	\$4,200
2019	\$4,200
2020	\$4,200
2021	\$4,200

The total lease payments made during the year ended June 30, 2017 was \$17,191.

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%.

\$ 175,445

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%.

178,701

Note payable to Chandler Corporation, 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.

14,312

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%.

32,304

Total

400,762

Less current portion

(237,408)

Total long term notes payable

\$163,354

The Food Bank of Central Louisiana
Notes to the Financial Statements
June 30, 2017

Note 10 – Notes Payable (continued)

Future maturities of notes payable as of June 30, 2017 were as follows:

Years Ended	<u>Amounts</u>
<u>June 30</u>	
2018	\$237,408
2019	\$ 43,806
2020	\$ 32,324
2021	\$ 34,334
2021	\$ 36,451
2023 and subsequent	\$ 16,439

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.

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, 2017 are as follows:

<u>Description</u>	<u>Fair Value Measurement at June 30, 2017 Using</u>			
	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash	\$523,855	\$523,855	\$ -	\$ -

The Food Bank of Central Louisiana
Notes to the Financial Statements
June 30, 2017

Note 12 – Concentrations of Risk

Inventory donations make up approximately 74% of the Food Bank's operating revenues for the year ended June 30, 2017. The majority of the inventory donations are received from Feeding America and U.S. Department of Agriculture through the Louisiana Department of Agriculture and Forestry. The Food Bank is dependent on continuing support by these agencies.

The Food Bank maintains cash balances with a national and a regional bank. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2017 cash on deposit that was in excess of the federally insured limits was \$288,609.

Note 13 – Subsequent Events

The Food Bank has no material subsequent events that would require disclosure. Subsequent events have been evaluated through November 20, 2017, which is the date the financial statements were available for issuance.

Note 14 – Income Taxes

As of June 30, 2017, tax years 2014 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, 2017

<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		\$746,136	\$ 1,029,678
Louisiana Department of Agriculture and Forestry	10.569			<u>146,819</u>
Total for Emergency Food Assistance Program				1,176,497
 U. S. Department of Agriculture – State Administrative Funding for the Food Stamp Program				
Indirect Programs:				
Louisiana Department of Agriculture and Forestry	10.561			37,972
 U. S. Department Homeland Security Direct Program				
Emergency Food and Shelter Program	97.024		-	<u>21,091</u>
 Total Expenditures of Federal Awards			<u>\$746,136</u>	<u>\$ 1,235,560</u>

The Food Bank of Central Louisiana
Notes to the Schedule of Federal Awards
For the Year Ended June 30, 2017

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, 2017, the organization has USDA commodities valued at \$112,359 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, 2017.



KnightMasden

A Professional Accounting Corporation

John E. Theriot II, CPA, CGMA
Dona C. Manuel, CPA

Coan I. Knight, Jr., CPA
Stephanie R. Lemoine, CPA

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The Food Bank of Central Louisiana (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 20, 2017.

Internal Control Over Financial Reporting

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

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

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

5615 J Jackson Street
Alexandria, Louisiana 71303
PH: 318-445-9334
FAX: 318-445-0996
www.knightmasden.com

Compliance and Other Matters

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

Purpose of this Report

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



KnightMadsen

Alexandria, Louisiana

November 20, 2017





KnightMadden

A Professional Accounting Corporation

John E. Theriot II, CPA, CGMA
Dona C. Manuel, CPA

Coan I. Knight, Jr., CPA
Stephanie R. Lemoine, CPA

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, 2017. 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.

5615 J Jackson Street
Alexandria, Louisiana 71303
PH: 318-445-9334
FAX: 318-445-0996
www.knightmasden.com

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, 2017.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance.

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 Food Bank of Central Louisiana
Page 3
November 20, 2017

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
November 20, 2017



The Food Bank of Central Louisiana
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2017

A. Summary of Auditors' Results

1. The auditors' report expresses an unmodified opinion on the financial statements of The Food Bank of Central Louisiana.
2. No control deficiency was disclosed during the audit of the financial statements 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, 2017

B. Findings – Financial Statement Audit

INTERNAL CONTROL AND COMPLIANCE FINDING

No Finding

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

DEPARTMENT OF AGRICULTURE

Passed through the State of Louisiana

No Finding

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

A. Findings – Financial Statement Audit

2016-001 Grant Receivable

Condition:

Grant awarded during the current fiscal year but not received until after the year end were not properly accrued.

Current Year Condition:

Finding Resolved.

2016-002 Incomplete Sub-recipient Testing

Condition:

All sub-recipients receiving USDA commodities did not undergo an annual review in a timely manner.

Current Year Condition:

Finding Resolved.

The Food Bank of Central Louisiana
Schedule of Compensation, Benefits and Other Payments to Jayne Wright-Velez,
Executive Director Paid with Government Funds
For the Year Ended June 30, 2017

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 5,433
Benefits - insurance	447
Benefits - retirement	152
Travel/mileage reimbursements	164
Registration fees	<u>78</u>
	<u>\$ 6,274</u>

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



KnightMadden

A Professional Accounting Corporation

John E. Theriot II, CPA, CGMA
Dona C. Manuel, CPA

Coan I. Knight, Jr., CPA
Stephanie R. Lemoine, 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, 2016 through June 30, 2017. 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 the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
 - 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.

5615 J Jackson Street
Alexandria, Louisiana 71303
PH: 318-445-9334
FAX: 318-445-0996
www.knightmasden.com

- iii. monitoring, and

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

- iv. amending the budget.

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

b. Purchasing, including

- i. how purchases are initiated;

Policy is present in the written policies and procedures manual.

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

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

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

Policy is present in the written policies and procedures manual.

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

Policy is present in the written policies and procedures manual.

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

Policy is 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, including

i. receiving,

Policy is present in the written policies and procedures manual.

ii. recording, and

Policy is present in the written policies and procedures manual.

iii. preparing deposits

Policy is 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, and

Policy is present in the written policies and procedures manual.

- v. monitoring card usage

Policy is present in the written policies and procedures manual.

- h. Travel and expense reimbursement, including

- i. allowable expenses,

Policy is present in the written policies and procedures manual.

- ii. dollar thresholds by category of expense,

Policy is present in the written policies and procedures manual.

- iii. documentation requirements, and

Policy is present in the written policies and procedures manual.

- iv. required approvers

Policy is present in the written policies and procedures manual.

- i. Ethics, including (Note: Ethics requirements are not applicable to nonprofits.)
 - 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. 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 review the board/committee minutes for the fiscal period, and:
- a. Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.
The board met with a quorum on a monthly basis.

- b. Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).

Budget to actual comparisons were referenced in the monthly minutes.

- i. If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit.

On months where there was a deficit, the board discussed whether the deficit was in line with prior year and whether or not any action needed to take place.

- ii. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

No formal plan was put into place.

- c. Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

Non-budgetary financial information was discussed and documented in the minutes.

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

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

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement. For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a. Bank reconciliations have been prepared;

Monthly bank reconciliations were prepared for each bank account selected.

- b. Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

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

- c. If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

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

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

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

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement. For each cash collection location selected:

- a. Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is

- i. bonded,

All employees collecting cash are bonded.

- ii. not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and

Of the 8 employees that collect cash, 7 are not responsible for depositing cash in the bank, recording the transaction, or reconciling the bank account.

- iii. not required to share the same cash register or drawer with another employee.

There is no cash register or drawer that money is kept in. All money is handed to 1 employee as it is received.

- b. Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

There is no formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers.

- c. Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
 - i. Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

Deposit was made within one day of collection.

- ii. Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

Sequentially number receipts are not used for all collections, test could not be performed..

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and 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) by a person who is not responsible for collections.

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

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing of general ledger population is complete.

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

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

- a. Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

No purchase order system is used.

- b. Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

No purchase order system is used.

- c. Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

No purchase order system is used. All disbursements selected had an invoice approved at time of payment.

10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

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

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

Policy is present in the written policies and procedures manual.

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

Blank check stock is maintained in a locked cabinet in the executive director's office, who has signature authority on the account.

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

No signature stamp is used. Signed checks are kept in a locked location until mailed.

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), 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.

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

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a. Report whether there is evidence that the monthly statement or combined statement and supporting documentation 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 Lawson Act municipality); these instances should not be reported.]]

While the monthly credit card statements are reviewed monthly, approval is not documented in writing. Test could not be performed.

- b. Report whether finance charges and/or late fees were assessed on the selected statements.

No finance charges were assessed on the selected statements.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

- a. For each transaction, report whether the transaction is supported by:

- i. An original itemized receipt (i.e., identifies precisely what was purchased)

An original itemized receipt was present for each transaction tested.

- ii. Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

Documented business purpose was present for all but 7 transactions.

- iii. Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

No other documentation required by client policy.

- b. For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

No transactions selected were subject to the Louisiana Public Bid Law.

- c. For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

Each transaction selected follows Article 7, Section 14 of the Louisiana Constitution.

- 17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

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

- 18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

Rates are present in the written policies and procedures manual. Rates do not exceed the established rates of the U. S. General Services Administration.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a. Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

Each expense was reimbursed in accordance with the written policy.

- b. Report whether each expense is supported by:

- i. An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]

An original itemized receipt was present for each reimbursement.

- ii. Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

Documentation on the business/public purpose was present for each reimbursement.

- iii. Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

No other documentation is required by a written policy.

- c. Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

Each transaction selected follows Article 7, Section 14 of the Louisiana Constitution.

- d. Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Each transaction has written approval by someone other than the person receiving the reimbursement.

20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

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

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

- a. Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

Each vendor selected had a formal written contract that supports the services arrangement and the amount paid.

- b. Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

- i. If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)

Three of the five contracts selected were subject to the Louisiana Bid Law. In all three cases the entity complied with all legal requirements.

- ii. If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

Two of the five contracts selected were not subject to the Louisiana Bid Law. Quotes were not solicited for either of the contracts.

- c. Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

None of the contracts selected were amended during the period.

- d. Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

A supporting invoice was present for all five transactions selected. The invoice and subsequent payment complied with the term and conditions of the contract.

- e. Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

All five contracts selected for testing were approved by the board and the approval was documented in the minutes.

22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

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

- a. Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

Entity does not use employment contracts. Salary information is not maintained in the employee files.

- b. Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

Changes to hourly pay rates/salaries are not maintained in employee files. Test could not be performed.

23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

- a. Report whether 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.)

All selected employees/officials document their daily attendance and leave.

- b. Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

On the payroll selected 2 employees had leave hours, there was documentation approved by a supervisor for both employees.

- c. Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

Written documentation is kept on all leave balances.

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete.

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

- a. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials.

No termination payments were made during the fiscal year.

- b. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

No termination payments were made during the fiscal year.

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

The entity made 52 tax and retirement payments for the fiscal year. Of those 52, 16 payments were not made by the required deadlines.

The entity filed all required payroll tax reporting forms by the required deadlines for the fiscal year.

26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

Not applicable to nonprofits.

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Not applicable to nonprofits.

28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

Not applicable to nonprofits.

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

Not applicable to nonprofits.

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

Not applicable to nonprofits.

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

The entity did not have any misappropriations of public funds or assets.

32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

The entity does not have the notice required by R.S. 24:523.1 posted on its premises and/or website.

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

No exceptions regarding management's representations were identified.

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

November 20, 2017



KnightMasden

A Professional Accounting Corporation