

**Northwest Louisiana Food Bank**  
**Financial Statements With Auditors' Report**  
**As of and for the Years Ended June 30, 2020 and 2019**

Northwest Louisiana Food Bank

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## Independent Auditors' Report

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Northwest Louisiana Food Bank (a nonprofit organization), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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

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

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Northwest Louisiana Food Bank, as of June 30, 2020, and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

**Other Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental information shown on page 18, is presented for the purpose of additional analysis and is not a required part of the financial statements of Northwest Louisiana Food Bank. The accompanying schedule of expenditures of federal awards, shown on page 17, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2020, on our consideration of Northwest Louisiana Food Bank's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Northwest Louisiana Food Bank's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Northwest Louisiana Food Bank's internal control over financial reporting and compliance.



Cook & Morehart  
Certified Public Accountants  
December 17, 2020

Northwest Louisiana Food Bank  
 Statements of Financial Position  
 June 30, 2020 and 2019

**Assets**

	2020	2019
<b>Current assets:</b>		
Cash and cash equivalents	\$ 5,868,141	\$ 2,588,654
Investments	270,621	291,703
Accounts receivable - grants	192,437	118,321
Accounts receivable - other	4,969	8,572
Prepaid expenses	6,642	6,106
Inventory - USDA	617,882	398,225
Inventory - Other	1,185,642	498,672
<b>Total current assets</b>	<b>8,146,334</b>	<b>3,910,253</b>
<b>Noncurrent assets:</b>		
Restricted cash	772,664	2,323,000
Depreciable property and equipment, net	849,430	851,542
Non-depreciable property and equipment	4,939,515	2,109,635
<b>Total noncurrent assets</b>	<b>6,561,609</b>	<b>5,284,177</b>
<b>Total Assets</b>	<b>\$ 14,707,943</b>	<b>\$ 9,194,430</b>

**Liabilities and Net Assets**

<b>Current liabilities:</b>		
Accounts payable	\$ 535,692	\$ 80,149
Accrued liabilities	32,470	62,172
Loan payable	167,500	
<b>Total current liabilities</b>	<b>735,662</b>	<b>142,321</b>
<b>Net assets:</b>		
With donor restrictions	2,408,294	2,908,326
Without donor restrictions	11,563,987	6,143,783
<b>Total net assets</b>	<b>13,972,281</b>	<b>9,052,109</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 14,707,943</b>	<b>\$ 9,194,430</b>

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

Northwest Louisiana Food Bank  
Statement of Activities  
For the Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues and Other Support:</b>			
Annual campaign	\$ 447,020	\$	\$ 447,020
Donations - church, corporate, individuals	2,120,404	650,000	2,770,404
Grants and contracts			
Government	627,904	89,393	717,297
Foundation	550,656	159,582	710,238
Other	50,998		50,998
United Way	28,378		28,378
Shared maintenance	590,207		590,207
Adopt a senior program	26,221		26,221
Miscellaneous	110,980		110,980
Rent income	12,375		12,375
Interest income	56,132		56,132
Donated food supplies	17,776,245	219,656	17,995,901
Capital campaign	308,231	772,664	1,080,895
Net assets released from restrictions:			
Satisfaction of restrictions	2,391,327	(2,391,327)	
Total revenues and other support	<u>25,097,078</u>	<u>(500,032)</u>	<u>24,597,046</u>
<b>Expenses:</b>			
Program services			
Food Bank	18,879,961		18,879,961
Supporting services			
Management and general	647,792		647,792
Fund Raising	163,344		163,344
Total expenses	<u>19,691,097</u>		<u>19,691,097</u>
Changes in net assets from operations	5,405,981	(500,032)	4,905,949
Nonoperating activities			
Investment return, net	14,223		14,223
Total nonoperating activities	<u>14,223</u>		<u>14,223</u>
Change in net assets	5,420,204	(500,032)	4,920,172
Net assets, beginning of year	<u>6,143,783</u>	<u>2,908,326</u>	<u>9,052,109</u>
Net assets, end of year	<u>\$ 11,563,987</u>	<u>\$ 2,408,294</u>	<u>\$ 13,972,281</u>

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

Northwest Louisiana Food Bank  
Statement of Activities  
For the Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues and Other Support:</b>			
Annual campaign	\$ 449,439	\$	\$ 449,439
Donations - church, corporate, individuals	538,351		538,351
Miscellaneous grants	724,765	199,135	923,900
United Way	34,112		34,112
Shared maintenance	402,159		402,159
Adopt a senior program	21,015		21,015
Miscellaneous	46,944		46,944
Rent income	13,500		13,500
Interest income	47,617		47,617
Donated food supplies	15,069,996	347,585	15,417,581
Capital campaign		622,269	622,269
Net assets released from restrictions:			
Satisfaction of restrictions	320,294	(320,294)	
<b>Total revenues and other support</b>	<b>17,668,192</b>	<b>848,695</b>	<b>18,516,887</b>
<b>Expenses:</b>			
Program services			
Food Bank	18,629,001		18,629,001
Supporting services			
Management and general	583,431		583,431
Fund Raising	187,514		187,514
<b>Total expenses</b>	<b>19,399,946</b>		<b>19,399,946</b>
Changes in net assets from operations	(1,731,754)	848,695	(883,059)
Nonoperating activities			
Investment return, net	24,550		24,550
<b>Total nonoperating activities</b>	<b>24,550</b>		<b>24,550</b>
Change in net assets	(1,707,204)	848,695	(858,509)
Net assets, beginning of year	7,850,987	2,059,631	9,910,618
Net assets, end of year	<u>\$ 6,143,783</u>	<u>\$ 2,908,326</u>	<u>\$ 9,052,109</u>

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

Northwest Louisiana Food Bank  
Statement of Functional Expenses  
For the Year Ended June 30, 2020

	Program Services		Support Services		Total
	Food Bank	Management & General	Fund Raising	Total	
Expenses					
Accounting	\$ 3,200	\$ 15,440	\$	\$ 15,440	\$ 18,640
Auto	153,001	208		208	153,209
Advertising			60,500	60,500	60,500
Computer expense	12,068	9,618	2,506	12,124	24,192
Depreciation	110,873	32,906		32,906	143,779
Dues & subscriptions		15,122	383	15,505	15,505
Food costs	17,873,806		6,750	6,750	17,880,556
Freight	90,138	550		550	90,688
Fringe	43,765	190,838	7,755	198,593	242,358
Insurance		76,612		76,612	76,612
Office supplies	1,306	10,254	304	10,558	11,864
Postage		3,015	701	3,716	3,716
Repairs & maintenance	43,032	13,461		13,461	56,493
Salaries	495,345	223,793	79,042	302,835	798,180
Supplies	5,327				5,327
Telephone	5,727	5,713	660	6,373	12,100
Travel	6,906	5,403	1,194	6,597	13,503
Utilities	3,995	29,123		29,123	33,118
Waste disposal	1,572	3,905		3,905	5,477
Miscellaneous	29,900	11,831	3,549	15,380	45,280
<b>Total Expenses</b>	<b>\$ 18,879,961</b>	<b>\$ 647,792</b>	<b>\$ 163,344</b>	<b>\$ 811,136</b>	<b>\$ 19,691,097</b>

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

Northwest Louisiana Food Bank  
Statement of Functional Expenses  
For the Year Ended June 30, 2019

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

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

Northwest Louisiana Food Bank  
Statements of Cash Flows  
For the Years Ended June 30, 2020 and 2019

Operating Activities

	2020	2019
Change in net assets	\$ 4,920,172	\$ (858,509)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	143,779	151,951
Realized & Unrealized (gain) loss on investment	(14,223)	(24,550)
Donation of stock	(32,786)	(3,092)
Donated assets		(49,040)
(Increase) decrease in operating assets:		
Accounts receivable	(70,513)	(49,112)
Inventory - USDA	(219,657)	(347,584)
Inventory - other	(686,970)	1,950,704
Prepaid expenses	(536)	231
Increase (decrease) in operating liabilities:		
Accounts payable	200,121	(6,360)
Accrued liabilities	(29,702)	10,257
Net cash provided by operating activities	4,209,685	774,896

Investing Activities

Purchase of investments	(164,000)	
Proceeds from sale of investments	232,091	471,660
Payments for property and equipment	(2,716,125)	(175,965)
Net cash provided by (used) in investing activities	(2,648,034)	295,695

Financing Activities

Proceeds from note payable	167,500	
Net cash provided by financing activities	167,500	

Net increase in cash	1,729,151	1,070,691
Cash and cash equivalents as of beginning of year	4,911,654	3,841,063
Cash and cash equivalents as of end of year	\$ 6,640,805	\$ 4,911,654
Reconciliation of cash, cash equivalents, and restricted cash:		
Cash and cash equivalents	\$ 5,868,141	\$ 2,588,654
Restricted cash	772,664	2,323,000
Cash, cash equivalents, and restricted cash, end of year	\$ 6,640,805	\$ 4,911,654

Supplemental Cash flow Disclosures:

Noncash Investing Transactions:

Donated stock	\$ 32,786	\$ 3,092
Acquisition of property		
Cost of property and equipment	\$ 2,971,547	\$ 225,005
Acquisition of vehicles and equipment through act of donation		(49,040)
Trade account payable	(255,422)	
Cash down payment for property and equipment	\$ 2,716,125	\$ 175,965

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

Northwest Louisiana Food Bank  
Notes to Financial Statements  
June 30, 2020 and 2019

(1) Summary of Significant Accounting Policies

A. Nature of Activities

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

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

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

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

B. Basis of Accounting

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

C. Basis of Presentation

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

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

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

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

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Northwest Louisiana Food Bank  
Notes to Financial Statements  
June 30, 2020 and 2019  
(Continued)

**D. Income Tax Status**

The Food Bank is a tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code, and therefore, is not subject to income taxes. However, income from certain activities not directly related to the Food Bank's tax-exempt purpose is subject to taxation as unrelated business income. The Food Bank had no such income for this audit period. The Organization's Form 990, Return of Organization Exempt from Income Tax, for the years ended June 30, 2017, 2018, 2019, and 2020 are subject to examination by the IRS, generally three years after they were filed.

**E. Use of Estimates**

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

**F. Cash and Cash Equivalents**

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

**G. Property and Equipment**

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

**H. Contributions**

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

**I. Functional Allocation of Expenses**

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities and the statement of functional expense. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Costs are directly charged to the function they benefit. Indirect or shared costs, including personnel, facility costs, and other are allocated among the programs and support services by a method that best measures the relative degree of benefit, based upon management's estimates.

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Northwest Louisiana Food Bank  
Notes to Financial Statements  
June 30, 2020 and 2019  
(Continued)

**J. Investments**

Investments in equity securities are presented in the financial statements at fair value using level 1 fair value measures (quoted prices in active markets). For contributed investments, fair value of the gift is determined by the market value at the date of donation. Realized and unrealized gains and losses are included in investment return, along with interest and dividends, in the statement of activities.

**K. Fair Value Measurements**

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

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

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

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

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

**L. Promises to Give**

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

**(2) Adoption of New Accounting Pronouncement**

For the year ended June 30, 2020, Food Bank adopted the Financial Accounting Standards Update (ASU) No. 2016-18 - *Not-for-Profit Entities (Topic 230): Statement of Cash Flows: Restricted Cash*. This update requires that the statement of cash flows explain the change during the period in total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows.

**(3) Concentrations of Credit Risk**

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

(Continued)

Northwest Louisiana Food Bank  
Notes to Financial Statements  
June 30, 2020 and 2019  
(Continued)

at financial institutions. Securities Investor Protection Corporation (SIPC) insures funds on deposit with the investment broker up to \$500,000. The Food Bank had uninsured cash balances of \$5,534,895 and \$3,771,186 at June 30, 2020 and 2019, respectively.

(4) Restricted Assets

Restricted assets at June 30, 2020 and 2019, consisted of cash restricted for building renovations in the amount of \$772,664 and \$2,323,000, respectively.

(5) Investments

Investments in equity securities are presented in the financial statements at fair value using level 1 fair value measures (quoted prices in active markets). Investments in certificates of deposits are recorded at cost as of the purchase date then subsequently adjusted to fair value as of the reporting date. The fair value of certificates of deposit is determined by using a discounted cash flow calculation that applies interest rates currently being offered for deposits of similar remaining maturities to a schedule of expected maturities on the certificates. This results in a level 2 fair value measurement. Investments as of June 30, 2020 and 2019 consisted of the following:

	2020		2019	
	Fair Value	Cost	Fair Value	Cost
Equities	\$ 104,695	\$ 38,514	\$ 71,547	\$ 32,111
Certificates of deposits	165,926	164,000	220,156	220,156
	<u>\$ 270,621</u>	<u>\$ 202,514</u>	<u>\$ 291,703</u>	<u>\$ 252,267</u>

For the year ended June 30, 2020, net investment return was \$14,223, which consisted of realized and unrealized gains of \$10,810 and interest and dividends of \$3,413. For the year ended June 30, 2019, net investment return was \$24,550, which consisted of realized and unrealized gains of \$18,968 and interest and dividend of \$5,582.

(6) Accounts Receivable – Grants

Various funding sources provide reimbursement of allowable costs under contracts or agreements. These balances represent amounts due from funding sources at June 30, 2020 and 2019, but received after those dates.

(7) Property and Equipment

Property and equipment consisted of the following at June 30, 2020 and 2019:

	Estimated Depreciable Life	2020	2019
	Buildings and improvements	7-39 years	\$ 1,127,207
Furniture and equipment	5-10 years	680,889	539,222
Vehicles	5-10 years	784,195	784,195
Land		901,017	901,017
Idle assets		1,076,225	1,076,225
Construction in process		2,962,273	132,393
Accumulated depreciation		(1,742,861)	(1,599,082)
Net investment in property and equipment		<u>\$ 5,788,945</u>	<u>\$ 2,961,177</u>

(Continued)

Northwest Louisiana Food Bank  
Notes to Financial Statements  
June 30, 2020 and 2019  
(Continued)

Depreciation expense for the years ended June 30, 2020 and 2019 was \$143,779 and \$151,951, respectively.

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

(8) Accrued Liabilities

Accrued liabilities consisted of the following at June 30, 2020 and 2019:

	2020	2019
Accrued leave payable	\$ 18,451	\$ 45,167
Accrued payroll	13,828	13,828
Payroll taxes and other related benefits payable	191	3,177
	\$ 32,470	\$ 62,172

(9) Retirement Plan

The Food Bank provides for a Savings Incentive Match Plan for Employees of Small Employers (SIMPLE) under Section 408(p) of the Internal Revenue Code. The plan covers full-time employees of the Food Bank. The Food Bank contributes a matching contribution equal to the employee's contributions up to a limit of 3% of the employee's compensation for the calendar year. Employees may make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code if they wish. The amount contributed by the Food Bank to retirement plans on the employees behalf for the years ended June 30, 2020 and 2019, was \$14,377 and \$11,392, respectively.

(10) Inventory

Purchased inventory is carried at cost, while inventory acquired from the United States Department of Agriculture is valued at fair market value. Donated inventory is based on the average price per pound as determined by the National Office of Feeding America. This price was \$1.74 for 2020 and \$1.62 for 2019.

(11) Concentrations and Dependence

The Food Bank entered into an agreement with the Louisiana Department of Agriculture and Forestry, Food Distribution Division, for the operation of a Food Distribution Program. The agreement is permanent, unless terminated by the Louisiana Department of Agriculture and Forestry for failing to comply with the provisions, instructions, or procedures outlined in the agreement. Under the terms of the agreement, commodities from the United States Department of Agriculture are passed through the Louisiana Department of Agriculture to the Food Bank for distribution. During the years ended June 30, 2020 and 2019, approximately 33% and 20%, respectively, of the total food donations received by the Food Bank were commodities from the Louisiana Department of Agriculture. During the years ended June 30, 2020 and 2019, approximately 86% and 72%, respectively, of the total shared maintenance received by the Food Bank was from the Louisiana Department of Agriculture.

During the years ended June 30, 2020 and 2019, the Food Bank received contractual revenue from federal, state, and local grants in the amount of \$1,478,533 and \$923,900, respectively. The continued existence of these funds is based on annual contract renewals with various funding sources.

(Continued)

Northwest Louisiana Food Bank  
Notes to Financial Statements  
June 30, 2020 and 2019  
(Continued)

(12) Net Assets

Net assets at June 30, 2020 and 2019, consisted of the following:

	<u>2020</u>	<u>2019</u>
Net Assets Without Donor Restrictions:		
Undesignated	\$ 5,060,845	\$ 2,474,069
Net investment in property and equipment	<u>5,533,523</u>	<u>2,961,177</u>
Total undesignated net assets	<u>10,594,368</u>	<u>5,435,246</u>
Designated for Building Renovations	<u>969,619</u>	<u>708,537</u>
Total Designated for use for programs	<u>969,619</u>	<u>708,537</u>
Total net assets without donor restrictions	<u>11,563,987</u>	<u>6,143,783</u>
Net Assets With Donor Restrictions:		
Subject to expenditure for specified purpose –		
Restricted for USDA commodities in inventory	617,882	398,225
Restricted for building renovations	772,664	2,293,000
Restricted for crop box	12,220	17,965
Restricted for equipment and equipment repairs	916,136	21,554
Restricted for food purchase	<u>89,392</u>	<u>177,582</u>
Total net assets with donor restrictions	<u>2,408,294</u>	<u>2,908,326</u>
Total Net Assets	<u>\$ 13,972,281</u>	<u>\$ 9,052,109</u>

(13) Liquidity and Availability of Financial Assets

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

	<u>2020</u>	<u>2019</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 5,868,141	\$ 2,588,654
Investments	270,621	291,703
Grant receivables	192,437	118,321
Other receivables	4,969	8,572
Cash restricted for building renovations and equipment	<u>772,664</u>	<u>2,323,000</u>
Total financial assets	<u>7,108,832</u>	<u>5,330,250</u>
Less amounts not available to be used within one year:		
Net assets with donor restrictions (excluding USDA inventory)	( 1,790,412)	( 2,510,101)
Less designated assets which are designated for program use	<u>( 969,619)</u>	<u>( 708,537)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 4,348,801</u>	<u>\$ 2,111,612</u>

(Continued)

Northwest Louisiana Food Bank  
Notes to Financial Statements  
June 30, 2020 and 2019  
(Continued)

As reflected above, certain designated assets are designated for program use. These assets limited to use, as reflected in Note 12, are not available for general expenditures within the next year and are, therefore, deducted from the amounts noted above. However, designated amounts could be made available, if necessary.

In addition to financial assets available to meet general expenditures over the year, the Food Bank operates with a balanced budget and anticipates covering general expenditures using the income generated from contractual agreements with governmental agencies and contributions. The Statement of Cash Flows identifies the sources and uses of the Food Bank's cash and shows positive cash generated by operations of \$4,209,685 and \$774,896 for fiscal year ending June 30, 2020 and June 30, 2019, respectively.

(14) Operating Leases

The Food Bank leases vehicles under operating leases. Rental costs for these leases for the years ended June 30, 2020 and 2019 were \$7,662 and \$7,502, respectively. Commitments under lease agreements having initial or remaining non-cancellable terms in excess of one year are as follows:

<u>For the Year Ending June 30,</u>	
2021	\$ 5,793
2022	1,970
Total minimum future rentals	<u>\$ 7,763</u>

(15) Conditional Promise to Give

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

(16) Loan Payable

In April 2020, the Food Bank received loan proceeds in the amount of approximately \$167,500 under the Paycheck Protection Program ("PPP"). The PPP was established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"). The loan and accrued interest are forgivable after twenty-four weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the twenty-four week period. The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. The Food Bank intends to use the proceeds for purposes consistent with the PPP.

(17) Designated Net Assets

The Board of Directors designated cash and cash equivalents at June 30, 2020 and 2019 totaling \$969,619 and \$708,537, respectively to provide for renovations to a new facility.

The above designated cash is included in unrestricted net assets on the Statement of Financial Position.

(Continued)

Northwest Louisiana Food Bank  
Notes to Financial Statements  
June 30, 2020 and 2019  
(Continued)

(18) Commitment

As of June 30, 2020, the Food Bank has commitments for signed architectural, construction, and engineering contracts of approximately \$4,483,201. As of June 30, 2020, approximately \$2,946,078 had been incurred on those contracts, and the balance remaining in those contracts was approximately \$1,537,123, which will be incurred subsequent to June 30, 2020.

(19) Note Payable

In July 2019, the Food Bank obtained a multiple advance loan in the amount of \$1,000,000 with an interest rate of 4.28%. No amounts were advanced under the loan, and the balance on the loan as of June 30, 2020 and 2019 was \$0. The loan matures on September 19, 2030. The loan is secured by real estate owned by the Food Bank.

(20) Accounts Payable

Accounts payable consisted of the following at June 30, 2020 and 2019:

	2020	2019
Accounts payable	\$ 300,689	\$ 80,149
Construction payable	235,003	
	\$ 535,692	\$ 80,149

(21) Subsequent Events

A contract was signed on July 28, 2020 for the purchase of two trucks in the amount of \$303,708.

In October 2020, the Food Bank sold a warehouse building for \$362,000.

Subsequent events have been evaluated through December 17, 2020, the date the financial statements were available to be issued.

(22) Uncertainty

As a result of the COVID-19 Coronavirus, economic uncertainties have arisen which may negatively impact financial resources. While the duration on the economic impact is expected to be temporary, there is considerable uncertainty around the duration. The related financial impact and duration cannot be reasonably estimated at this time.

Northwest Louisiana Food Bank  
Shreveport, Louisiana  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2020

<u>Federal Grantor / Pass-Through Grantor / Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Passed Through to Subrecipients</u>	<u>Expenditures</u>
<u>U.S. Department of Homeland Security</u>				
Passed through a local governing board Emergency Food and Shelter Program	97.024	Unknown	\$	\$ 34,659
<u>U.S. Department of Housing and Urban Development</u>				
Passed through the City of Shreveport CDBG - Entitlement Grants Cluster Community Development Block Grant/Entitlement Grant Total CDBG - Entitlement Grants Cluster	14.218	Unknown		20,000 <u>20,000</u>
<u>U.S. Department of Agriculture and Forestry</u>				
Passed through the Louisiana Department of Agriculture and Forestry Food Distribution Cluster Emergency Food Assistance Program Food Commodities Administrative Costs Total Food Distribution Cluster	10.569 10.568	Unknown Unknown	5,717,717	5,717,717 502,799 <u>6,220,516</u>
Child Nutrition Cluster Summer Food Service Program Total Child Nutrition Cluster	10.559	Unknown		195,673 <u>195,673</u>
Passed through the Louisiana Department of Children and Family Services SNAP Cluster SNAP Program Total SNAP Cluster	10.561	unknown		107,418 <u>107,418</u>
Passed through the Louisiana Department of Education Child and Adult Care Food Program	10.558	Unknown		269,648 <u>269,648</u>
Total U. S. Department of Agriculture			<u>5,717,717</u>	<u>6,793,155</u>
Total Expenditures of Federal Awards			<u>\$ 5,717,717</u>	<u>\$ 6,847,814</u>

NOTE 1: The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Northwest Louisiana Food Bank, under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Northwest Louisiana Food Bank, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Northwest Louisiana Food Bank.

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

NOTE 3: Nonmonetary assistance is reported in the schedule at the fair value of the commodities received and distributed. At June 30, 2020, the Food Bank had USDA Food Commodities in inventory totaling \$617,882.

Northwest Louisiana Food Bank  
Shreveport, Louisiana  
Schedule of Compensation, Benefits, and Other Payments to Agency Head  
For the Year Ended June 30, 2020

Agency Head: Martha Marak, Executive Director

The following payments were made from public funds:

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 11,153

# COOK & MOREHART

*Certified Public Accountants*

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Report on Internal Control Over Financial Reporting and on Compliance  
And Other Matters Based on an Audit of Financial Statements Performed  
in Accordance With Government Auditing Standards

Independent Auditors' Report

To the Board of Directors  
Northwest Louisiana Food Bank

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Northwest Louisiana Food Bank, (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 17, 2020.

### Internal Control Over Financial Reporting

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

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

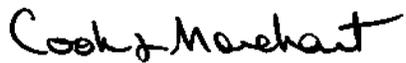
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

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

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Cook & Morehart  
Certified Public Accountants  
December 17, 2020

# COOK & MOREHART

*Certified Public Accountants*

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

### Independent Auditors' Report

To the Board of Directors  
Northwest Louisiana Food Bank

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

We have audited Northwest Louisiana Food Bank's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Northwest Louisiana Food Bank's major federal programs for the year ended June 30, 2020. Northwest Louisiana Food Bank's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

#### ***Auditors' Responsibility***

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

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

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

In our opinion, Northwest Louisiana Food Bank complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

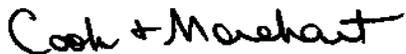
### **Report on Internal Control Over Compliance**

Management of Northwest Louisiana Food Bank is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Northwest Louisiana Food Bank's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 Northwest Louisiana Food Bank's internal control over compliance.

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

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

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



Cook & Morehart  
Certified Public Accountants  
December 17, 2020

Northwest Louisiana Food Bank  
 Shreveport, Louisiana  
 Summary Schedule of Prior Audit Findings  
 June 30, 2020

There were no findings or questioned costs for the audit for the year ended June 30, 2019.

Schedule of Findings and Questioned Costs  
 June 30, 2020

**A. Summary of Audit Results**

Financial Statements

Type of audit report issued : Unmodified

Internal control over financial reporting :

Material weaknesses identified :  yes  no  
 Significant deficiencies identified :  yes  none reported

Noncompliance material to financial statements noted :

yes  no

Federal Awards

Internal control over major programs :

Material weaknesses identified :  yes  no  
 Significant deficiencies identified :  yes  none reported

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

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

yes  no

Identification of major federal programs :

Food Distribution Cluster  
 Emergency Food Assistance Program - CFDA #10.569 and 10.568

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

Auditee qualified as low risk :  yes  no

**B. Findings – Financial Statements Audit: None**

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

**Northwest Louisiana Food Bank  
Shreveport, Louisiana  
Summary Schedule of Prior Year Audit Findings  
Schedule for Louisiana Legislative Auditor  
June 30, 2020**

**There were no findings or questioned costs for the prior year audit ended June 30, 2019.**

**Summary Schedule of Current Year Audit Findings  
Schedule for Louisiana Legislative Auditor  
June 30, 2020**

**There are no findings or questioned costs for the current year audit period ended June 30, 2020.**