

Northwest Louisiana Food Bank
Financial Statements With Auditors' Report
As of and for the Years Ended June 30, 2017 and 2016

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, 2017 and 2016, 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, 2017, and 2016, 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.

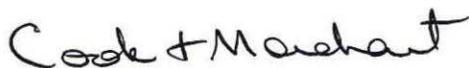
Other Matters

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 16, is presented for the purpose of additional analysis and is not a required part of the financial statements of Northwest Louisiana Food Bank. The accompanying schedule of expenditures of federal awards, shown on page 15, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2017, 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 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 Northwest Louisiana Food Bank's internal control over financial reporting and compliance.



Cook & Morehart
Certified Public Accountants
November 28, 2017

Northwest Louisiana Food Bank
 Statements of Financial Position
 June 30, 2017 and 2016

Assets	2017	2016
Current assets:		
Cash	\$ 1,305,108	\$ 1,558,675
Investments	1,298,094	1,034,101
Accounts receivable - grants	90,506	36,245
Accounts receivable - other	53,042	35,180
Prepaid expenses	6,737	4,180
Inventory - USDA	230,679	107,769
Inventory - Other	2,451,739	1,002,038
Total current assets	5,435,905	3,778,188
Noncurrent assets:		
Restricted cash	950,077	216,781
Depreciable property and equipment, net	1,075,479	1,124,513
Non-depreciable property and equipment	1,928,202	1,928,202
Net property and equipment	3,953,758	3,269,496
 Total Assets	 \$ 9,389,663	 \$ 7,047,684
 Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 77,603	\$ 76,819
Accrued liabilities	49,014	62,000
Total current liabilities	126,617	138,819
Net assets:		
Unrestricted:		
Operating	4,943,536	3,409,067
Fixed assets	3,003,681	3,052,715
Total unrestricted net assets	7,947,217	6,461,782
Temporarily restricted	1,315,829	447,083
Total net assets	9,263,046	6,908,865
 Total Liabilities and Net Assets	 \$ 9,389,663	 \$ 7,047,684

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

Northwest Louisiana Food Bank
Statement of Activities
For the Year Ended June 30, 2017

	Unrestricted	Temporarily Restricted	Total
Revenues and Other Support:			
Annual campaign	\$ 434,591	\$	\$ 434,591
Donations - church, corporate, individuals	442,687		442,687
Miscellaneous grants	521,124	179,897	701,021
United Way	22,030		22,030
Shared maintenance	300,759		300,759
Adopt a senior program	18,700		18,700
Miscellaneous	181,611		181,611
Rent income	13,500		13,500
Investment income	17,770		17,770
Donated food supplies	17,468,573		17,468,573
Capital campaign		733,443	733,443
Net assets released from restrictions:			
Satisfaction of restrictions	44,594	(44,594)	
	<u>19,465,939</u>	<u>868,746</u>	<u>20,334,685</u>
Expenses:			
Program services			
Food Bank	17,283,785		17,283,785
Supporting services			
Management and general	543,375		543,375
Fund Raising	153,344		153,344
	<u>17,980,504</u>		<u>17,980,504</u>
Changes in net assets	1,485,435	868,746	2,354,181
Net assets, beginning of year	6,461,782	447,083	6,908,865
Net assets, end of year	<u>\$ 7,947,217</u>	<u>\$ 1,315,829</u>	<u>\$ 9,263,046</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, 2016

	Unrestricted	Temporarily Restricted	Total
Revenues and Other Support:			
Annual campaign	\$ 522,933	\$	\$ 522,933
Donations - church, corporate, individuals	487,100		487,100
Miscellaneous grants	837,029	48,404	885,433
United Way	32,578		32,578
Shared maintenance	302,170		302,170
Adopt a senior program	19,250		19,250
Miscellaneous	82,829		82,829
Rent income	13,500		13,500
Investment income	11,628		11,628
Donated food supplies	12,956,982		12,956,982
Capital campaign		216,781	216,781
Net assets released from restrictions:			
Satisfaction of restrictions	76,581	(76,581)	
	<u>15,342,580</u>	<u>188,604</u>	<u>15,531,184</u>
Expenses:			
Program services			
Food Bank	14,216,318		14,216,318
Supporting services			
Management and general	482,011		482,011
Fund Raising	261,540		261,540
	<u>14,959,869</u>		<u>14,959,869</u>
Changes in net assets	382,711	188,604	571,315
Net assets, beginning of year	<u>6,079,071</u>	<u>258,479</u>	<u>6,337,550</u>
Net assets, end of year	<u>\$ 6,461,782</u>	<u>\$ 447,083</u>	<u>\$ 6,908,865</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, 2017

	Program Services		Support Services		Total
	Food Bank	Management & General	Fund Raising	Total	
Expenses					
Accounting	\$	\$ 15,303	\$	\$ 15,303	\$ 15,303
Auto	72,904		29	29	72,933
Advertising			58,442	58,442	58,442
Computer expense	354	12,123	4,573	16,696	17,050
Contract labor			50	50	50
Depreciation	105,620	33,600		33,600	139,220
Dues & subscriptions		11,832	430	12,262	12,262
Food costs	16,430,167	362		362	16,430,529
Freight	200,368				200,368
Fringe	34,705	136,966	5,333	142,299	177,004
Insurance	168	68,442	36	68,478	68,646
Mileage	27	282		282	309
Newsletter			7,045	7,045	7,045
Office supplies	5,327	4,769	1,825	6,594	11,921
Postage	12	442	2,580	3,022	3,034
Repairs & maintenance	11,828	18,299		18,299	30,127
Salaries	389,931	179,776	61,877	241,653	631,584
Supplies	1,574				1,574
Telephone	4,954	5,927	270	6,197	11,151
Travel	11,629	6,051	522	6,573	18,202
Utilities	4,437	27,962		27,962	32,399
Waste disposal	980	2,978		2,978	3,958
Miscellaneous	8,800	18,261	10,332	28,593	37,393
Total Expenses	\$ 17,283,785	\$ 543,375	\$ 153,344	\$ 696,719	\$ 17,980,504

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, 2016

	Program Services	Support Services			Total
	Food Bank	Management & General	Fund Raising	Total	
Expenses					
Accounting	\$		\$ 15,005	\$	\$ 15,005
Auto		72,236	553	50	603
Advertising				50,581	50,581
Computer expense		6,387	7,434	5,611	13,045
Depreciation		58,018	33,600		33,600
Dues & subscriptions		150	11,347	1,345	12,692
Food costs		13,512,836		250	250
Freight		110,959			110,959
Fringe		29,266	114,163	8,527	122,690
Insurance		163	58,480		58,480
Mileage		171	106		106
Newsletter				23,767	23,767
Office supplies		1,184	6,644	1,251	7,895
Postage		9	335	3,441	3,776
Repairs & maintenance		7,148	12,656		12,656
Salaries		333,783	176,628	86,562	263,190
Supplies		6,731	24		24
Telephone		4,497	5,668	600	6,268
Travel		10,106	2,964	3,674	6,638
Utilities		5,785	26,635		26,635
Waste disposal		877	4,122		4,122
Miscellaneous		56,012	5,647	75,881	81,528
Total Expenses	\$	14,216,318	\$ 482,011	\$ 261,540	\$ 743,551
					\$ 14,959,869

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, 2017 and 2016

Operating Activities

	<u>2017</u>	<u>2016</u>
Change in net assets	\$ 2,354,181	\$ 571,315
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	139,220	91,618
Unrealized (gain) loss on investments	(5,398)	691
Realized (gain) loss on investments	(10,094)	(8,137)
Donation of stock	(89,206)	(14,338)
Donated assets		
(Increase) decrease in operating assets:		
Accounts receivable	(72,123)	(5,421)
Pledge receivable		50,000
Inventory - USDA	(122,910)	(55,384)
Inventory - other	(1,449,701)	(16,080)
Prepaid expenses	(2,557)	(4,180)
Increase (decrease) in operating liabilities:		
Accounts payable	784	30,982
Accrued liabilities	(12,986)	15,235
Net cash provided by operating activities	<u>729,210</u>	<u>656,301</u>

Investing Activities

Purchase of investments	(325,000)	(207,362)
Sale of investments	165,705	13,352
Payments for property and equipment	(90,186)	(288,529)
Net cash (used) in investing activities	<u>(249,481)</u>	<u>(482,539)</u>

Net increase in cash	479,729	173,762
Cash as of beginning of year	<u>1,775,456</u>	<u>1,601,694</u>
Cash as of end of year	<u>\$ 2,255,185</u>	<u>\$ 1,775,456</u>

Supplemental Cash flow Disclosures:

Noncash Investing Transactions:

Donated stock	<u>\$ 89,206</u>	<u>\$ 14,338</u>
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The accompanying notes are an integral part of the financial statements.

Northwest Louisiana Food Bank
Notes to Financial Statements
June 30, 2017 and 2016

(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 three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

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, 2014, 2015, 2016, and 2017 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.

(Continued)

Northwest Louisiana Food Bank
Notes to Financial Statements
June 30, 2017 and 2016
(Continued)

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. Restricted and Unrestricted Revenue

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

I. Expense Allocation

The costs of providing various programs and other 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.

J. Investments

Investments in equity securities with readily determinable fair values are reported at their fair value based on quoted market prices in the statement of financial position. Investments in certificates of deposit are reported at surrender value which approximates fair value. 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.

(Continued)

Northwest Louisiana Food Bank
Notes to Financial Statements
June 30, 2017 and 2016
(Continued)

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) Concentrations of Credit Risk

Financial instruments that potentially subject the Food Bank to concentrations of credit risk consist principally of temporary cash investments and accounts receivable. Concentrations of credit risk with respect to accounts receivable are limited due to the receivables being small in nature and from several different entities and amounts due from governmental agencies under contractual terms. The Food Bank maintains cash balances at financial institutions and a money market account held by an investment broker. The Federal Deposit Insurance Corporation (FDIC) insures accounts up to \$250,000 at financial institutions. Securities Investor Protection Corporation (SIPC) insures funds on deposit with the investment broker up to \$500,000. The Food Bank had uninsured cash balances of \$1,997,505 and \$1,586,150 at June 30, 2017 and 2016, respectively.

(3) Restricted Assets

Restricted assets at June 30, 2017 and 2016, consisted of cash restricted for building renovations in the amount of \$950,077 and \$216,781, respectively.

(4) 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, 2017 and 2016 consisted of the following:

	2017		2016	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
Equities	\$ 56,052	\$ 32,111	\$ 50,654	\$ 32,111
Certificates of deposits	<u>1,242,042</u>	<u>1,242,042</u>	<u>983,447</u>	<u>983,447</u>
	<u>\$1,298,094</u>	<u>\$1,274,153</u>	<u>\$1,034,101</u>	<u>\$1,015,558</u>

(Continued)

Northwest Louisiana Food Bank
Notes to Financial Statements
June 30, 2017 and 2016
(Continued)

For the year ended June 30, 2017, unrealized investment gain was \$5,398 and realized investment gain was \$10,094. For the year ended June 30, 2016, unrealized investment loss was \$691 and realized investment gain was \$8,137.

(5) Accounts Receivable – Grants

Various funding sources provide reimbursement of allowable costs under contracts or agreements. These balances represent amounts due from funding sources at June 30, 2017 and 2016, but received after those dates.

(6) Property and Equipment

Property and equipment consisted of the following at June 30, 2017 and 2016:

	Estimated Depreciable Life	2017	2016
Buildings and improvements	7–39 years	\$ 1,127,207	\$ 1,127,207
Furniture and equipment	5–10 years	495,649	405,463
Vehicles		799,174	799,174
Land		901,017	901,017
Idle assets		1,027,185	1,027,185
Accumulated depreciation		<u>(1,346,551)</u>	<u>(1,207,331)</u>
Net investment in property and equipment		<u>\$ 3,003,681</u>	<u>\$ 3,052,715</u>

Depreciation expense for the years ended June 30, 2017 and 2016 was \$139,220 and \$91,618, respectively.

(7) Accrued Liabilities

Accrued liabilities consisted of the following at June 30, 2017 and 2016:

	2017	2016
Accrued leave payable	\$ 7,488	\$ 7,488
Accrued payroll	13,828	37,575
Payroll taxes payable	<u>27,698</u>	<u>16,937</u>
	<u>\$ 49,014</u>	<u>\$ 62,000</u>

(8) 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, 2017 and 2016, was \$11,932 and \$9,937, respectively.

(Continued)

Northwest Louisiana Food Bank
Notes to Financial Statements
June 30, 2017 and 2016
(Continued)

(9) 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 Second Harvest. This price was \$1.73 for 2017 and \$1.67 for 2016.

(10) Temporarily Restricted Net Assets

Temporarily restricted net assets at June 30, 2017 and 2016 are available for the following purposes:

	2017	2016
USDA commodities in inventory	\$ 230,679	\$ 107,769
Backpack program		39,902
Fleet management	3,439	7,985
Building renovations	950,077	216,781
Crop box	44,643	
SNAP program	1,502	
Food purchase	85,489	74,646
	\$ 1,315,829	\$ 447,083

(11) Operating Leases

The Food Bank leases two vehicles under operating leases. Rental costs for these leases for the years ended June 30, 2017 and 2016 were \$7,203 and \$4,594, respectively. Commitments under lease agreements having initial or remaining non-cancellable terms in excess of one year are as follows:

For the Year Ending June 30,		
2018	\$	5,680
2019		296
Total minimum future rentals	\$	5,976

(12) 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, 2017 and 2016, approximately 8% and 7%, 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, 2017 and 2016, approximately 57% and 45%, respectively, of the total shared maintenance received by the Food Bank was from the Louisiana Department of Agriculture.

(Continued)

Northwest Louisiana Food Bank
Notes to Financial Statements
June 30, 2017 and 2016
(Continued)

(13) 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.

(14) Designated Net Assets

The Board of Directors designated cash and cash equivalents at June 30, 2017 and 2016 totaling \$299,825 and \$228,814, respectively to provide for renovations to a new warehouse.

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

(15) Subsequent Events

Subsequent events have been evaluated through November 28, 2017, the date the financial statements were available to be issued.

Northwest Louisiana Food Bank
Shreveport, Louisiana
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2017

Federal Grantor / Pass-Through Grantor / Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Passed Through to Subrecipients	Expenditures
<u>U.S. Department of Homeland Security</u>				
Passed through a local governing board Emergency Food and Shelter Program	97.024	Unknown	\$	\$ 29,000
<u>U.S. Department of Agriculture and Forestry</u>				
Passed through the Louisiana Department of Agriculture and Forestry Food Distribution Cluster Emergency Food Assistance Program				
Food Commodities	10.569	Unknown	1,218,229	1,344,310
Administrative Costs	10.568	Unknown		170,594
Total Food Distribution Cluster			<u>1,218,229</u>	<u>1,514,904</u>
Passed through the Louisiana Department of Education Child and Adult Care Food Program	10.558	Unknown		230,678
Summer Food Service Program	10.559	Unknown		<u>106,873</u>
 Total Expenditures of Federal Awards			<u>\$ 1,218,229</u>	<u>\$ 1,881,455</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, 2017. 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, 2017, the Food Bank had USDA Food Commodities in inventory totaling \$230,679.

Northwest Louisiana Food Bank
Shreveport, Louisiana
Schedule of Compensation, Benefits, and Other Payments to Agency Head
For the Year Ended June 30, 2017

Agency Head: Martha Marak, Executive Director

The following payments were made from public funds:

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 8,200

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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, 2017, 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 November 28, 2017.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



Cook & Morehart
Certified Public Accountants
November 28, 2017

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, 2017. 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 the requirements of laws, regulations, contracts, and grants 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, 2017.

Report on Internal Control Over Compliance

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

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

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

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



Cook & Morehart
Certified Public Accountants
November 28, 2017

Northwest Louisiana Food Bank
 Shreveport, Louisiana
 Summary Schedule of Prior Audit Findings
 June 30, 2017

There were no findings or questioned costs for the audit for the year ended June 30, 2016.

Schedule of Findings and Questioned Costs
 June 30, 2017

A. Summary of Audit Results

Financial Statements

Type of audit report issued : Unmodified

Internal control over financial reporting :

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

Noncompliance material to financial
 statements noted :

 yes v no

Federal Awards

Internal control over major programs :

Material weaknesses identified : yes v no
 Significant deficiencies identified : yes v 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 v no

Identification of major federal programs :

Emergency Food Assistance Program Cluster - CFDA #10.569 and 10.568

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

Auditee qualified as low risk : v 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
Schedule of Audit Findings For Louisiana Legislative Auditor
June 30, 2017

There were no findings for the prior audit period for the year ended June 30, 2016.

There are no findings for the current audit period for the year ended June 30, 2017.

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Independent Accountants' Report on Applying Agreed-Upon Procedures

To the Board of Directors
Northwest Louisiana Food Bank
Shreveport, Louisiana
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the Northwest Louisiana Food Bank (a nonprofit organization), 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 Northwest Louisiana Food Bank's (Food Bank) 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:

Written Policies and Procedures

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 preparing, adopting, monitoring, and amending the budget
 - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) ***Disbursements***, including processing, reviewing, and approving
 - d) ***Receipts***, including receiving, recording, and preparing deposits
 - e) ***Payroll/Personnel***, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
 - f) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers

The Food Bank provided written policies and procedures addressing all of the above.

Board (or Finance Committee, if applicable)

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 of Directors of the Food Bank met in accordance with the agency's bylaws.

- 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).

➤ 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. 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.

Exception: The minutes of the Board of Directors of the Food Bank did not reference a review of monthly budget-to-actual comparisons.

Management's Response: We are currently reviewing monthly budget-to-actual comparisons twice a year. All monthly finance reports are reviewed by the board. Budget is to actually be presented twice a year.

- 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.

The minutes of the Board of Directors of the Food Bank did reference non-budgetary financial information for at least one meeting during the fiscal period.

Bank Reconciliations

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

Management provided the requested information, along with management's representation that the listing is 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). 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;
Bank reconciliations were prepared for each month.
- 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
The bank reconciliations contained evidence that a member of management reviewed and approved the bank reconciliations.
- 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.

Exception: There was no indication that management had researched outstanding items that were more than 6 months old on one bank account for five (5) checks totaling \$838.

Management's Response: Management will document the research for reconciling items outstanding for more than 6 months.

Collections

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

Management provided the requested information, along with management's representation that the listing is 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). 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 (1) bonded, (2) 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 (3) not required to share the same cash register or drawer with another employee.

Each person responsible for collecting cash was insured under the Food Bank's blanket crime insurance policy. Each person responsible for collecting cash was not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account. Each person responsible for collecting cash was not required to share the same cash register or drawer with another employee.

- 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.

Food Bank has written procedures to reconcile cash collections to the general ledger by a person not responsible for collections.

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

- 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.

For the week selected, deposits were processed onsite on the day received, via a remote scanner, into the appropriate bank account.

- 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.

For the week selected, daily cash collections were completely supported by collection documentation.

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.

The Food Bank has written procedures which define a process to determine completeness of collections, including electronic transfers, for each revenue source by a person not responsible for collections.

Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)

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 or general ledger population is complete.

Management provided the requested information, along with management's representation that the listing is 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.
 - b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.
 - 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.

Purchase orders are not required by entity policy for all transactions. For the transactions tested, purchases were initiated using a requisition/purchase order system that separates initiation from approval functions, except as noted below.

Exception: Thirteen of the twenty-five invoices selected did not include a requisition/purchase order or equivalent.

Management's Response: Our policy does not require a purchase order for all transactions.

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.

The Food Bank's policy is that new vendors can only be added to the purchasing/disbursement system by the Accounting Director after Executive Director approval. The Executive Director is not responsible for processing payments.

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.

The Food Bank's policy states that the Executive Director reviews and approves all invoices and that all checks require two authorized signatures by the Executive Director and/or a member of the Board of Directors. Neither the Executive Director nor members of the Board of Directors are responsible for initiating or recording purchases.

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.

Food Bank's supply of unused checks is maintained in a locked location. The Executive Director has access to this restricted location. However, all checks require two authorized signatures by the Executive Director and/or a member of the Board of Directors. No member of the Board of Directors has access to unused check stock.

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.

Persons with signatory authority do not use a signature stamp or signature machine.

Exception: After checks have the two required signatures, they are returned to the accounting director for mailing.

Management's Response: Management's new process will require after checks are signed, they will not be returned to the Account Manager for mailing.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

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.

Management provided the requested information, along with management's representation that the listing is 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. 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.

For each card selected for testing, there were attributes indicating that someone other than the authorized card holder reviewed and approved the monthly statements and supporting documentation for the items selected for testing.

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

There were no finance charges or late fees assessed on the cards selected for testing.

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

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

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

Transactions tested were supported by original itemized receipts, except as noted below:

Exception: Of the cards selected for testing, there was one (1) missing receipt in the amount of \$47.41 for fuel purchase.

Management's Response: Management plans to have all receipts for all purchases. Management reviewed the purchase and it was for a legitimate business purpose.

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

The business purpose was documented for purchases on the cards selected for testing. The charges for meals on the selected cards contained documentation of the business purpose and the individuals participating.

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

No other documentation is required by the Food Bank's written credit card 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.

We compared each transaction tested to the agency's written policies. There were no exceptions noted.

- 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.

The Food Bank's documentation met the requirements of Article 7, Section 14.

Travel and Expense Reimbursement

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.

Management provided the requested information, along with management's representation that the listing is 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.

The Food Bank's policy is to reimburse the actual costs of travel, meals, lodging, and other expenses directly related to accomplishing business travel objectives. Per diem rates are not used. The Food Bank policy is to reimburse employees for use of personal vehicles at the federal allowable mileage rate at the time of travel. The federal allowable mileage rate used for mileage did not exceed the GSA rate.

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.

The reimbursements selected were supported with documentation in accordance with Food Bank's written policies.

- b) Report whether each expense is supported by:

- 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.]

Each expense selected was supported by an itemized receipt.

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

The business purpose was documented on each invoice selected for testing.

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

No other documentation was required.

- 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.

The Food Bank's documentation met the requirements of Article 7, Section 14.

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

For each expense selected for testing, the expense and related documentation was reviewed and approved in writing by someone other than the person receiving reimbursement.

Contracts

- 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.

Management provided the requested information, along with management's representation that the listing is 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.

For four of the five contract vendors selected for testing, there were formal, written contracts supporting the services arrangement and the amounts paid.

Exception: For one of the five contract vendors selected for testing, there was no formal, written contract document.

Management's Response: Management has a process with the vendor (Marketing Plan) that is periodically reviewed with vendor.

- 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:

- 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)

The contracts selected were not subject to the Louisiana Public Bid Law or Procurement Code.

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

For the contracts selected, there was evidence that quotes were obtained.

- 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 for testing were amended.

- 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.

The largest payment selected for testing from each of the five vendor contracts was supported by invoices that agreed with the terms 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).

The Food Bank's policy is for the Board of Directors to approve contracts over \$40,000. One of the contracts selected for testing was over that amount, and did have Board of Directors approval.

Payroll and Personnel

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.

Management provided the requested information, along with management's representation that the listing is complete.

Randomly select five employees/officials, obtain their personnel files, and:

- 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.

Payment was made in accordance with the terms of the approved pay rates.

- 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 pay rates/ salaries were approved in writing in accordance with the Food Bank's written policies.

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).

For the transactions selected for testing, the daily attendance and leave were documented.

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

Transactions selected for testing contained evidence that supervisors approved the attendance and leave of the selected 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.

For the transactions selected for testing, the Food Bank maintained written leave records.

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

Management provided the requested information, along with management's representation that the listing is complete. For the two transactions selected for testing, the termination benefits were made in accordance with the Food Bank's written procedures.

- 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.

Employee and employer portions of payroll taxes and retirement contributions, as well as required reporting forms, were submitted to the applicable agencies by the required deadlines.

Ethics (excluding nonprofits)

- 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 nonprofit organizations.

- 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 nonprofit organizations.

Debt Service (excluding 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 nonprofit organizations.

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 nonprofit organizations.

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 nonprofit organizations.

Other

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.

Management is not aware of any misappropriation 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.

Food Bank has posted on its premises and website the notice required by R.S. 24:523.1.

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

We have not observed or identified any exceptions regarding management's representations in the above procedures.

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.



Cook & Morehart
Certified Public Accountants
November 28, 2017