FOODNET OF LAFAYETTE, LOUISIANA

Financial Report

Years Ended December 31, 2014 and 2013

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INDEPENDENT AUDITORS' REPORT

To the Officers and Directors
FoodNet of Lafayette, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of FoodNet of Lafayette, Louisiana (a nonprofit organization), which comprise the statements of financial position as of December 31, 2014 and 2013, 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 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 FoodNet of Lafayette, Louisiana as of December 31, 2014 and 2013, 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 29, 2015, on our consideration of FoodNet of Lafayette, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering FoodNet of Lafayette, Louisiana's internal control over financial reporting and compliance.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
May 29, 2015

FINANCIAL STATEMENTS

FOODNET OF LAFAYETTE, LOUISIANA

Statements of Financial Position
December 31, 2014 and 2013

	2014	2013
ASSETS		
Current assets:		
Cash and cash equivalents	$ 157,184	$ 253,791
Investments	23,324	-
Accounts receivable	6,050	3,300
Pledges receivable	3,743	3,896
Prepaid expenses	3,122	2,730
Inventory	150,854	179,405
Total current assets	344,277	443,122
Property and equipment, net	138,670	121,047
Total assets	$ 482,947	$ 564,169
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	$ 1,592	$ 26,084
Accrued payroll	2,309	6,214
Total current liabilities	3,901	32,298
Net assets:		
Unrestricted	470,335	524,116
Temporarily restricted	8,711	7,755
Total net assets	479,046	531,871
Total liabilities and net assets	$ 482,947	$ 564,169

The accompanying notes are an integral part of this statement.

FOODNET OF LAFAYETTE, LOUISIANA

Statement of Activities
Year Ended December 31, 2014

	Unrestricted	Temporarily Restricted	Total
Support, revenues and reclassifications:			
Donations of food	$ 367,946	$ -	$ 367,946
Other donations	128,512	3,600	132,112
Interest income	3,597	-	3,597
Other income	2,036	-	2,036
Government grants	6,779	-	6,779
Corporate grants	33,174	-	33,174
Net assets released from restrictions	2,644	(2,644)	-
Total support, revenues and reclassifications	544,688	956	545,644
Expenses:			
Program services	529,365	-	529,365
Supporting services-			
Management and general	23,703	-	23,703
Fundraising	45,401	-	45,401
Total supporting services	69,104	-	69,104
Total expenses	598,469	-	598,469
Change in net assets	(53,781)	956	(52,825)
Net assets, beginning of year	524,116	7,755	531,871
Net assets, end of year	$ 470,335	$ 8,711	$ 479,046

The accompanying notes are an integral part of this statement.

FOODNET OF LAFAYETTE, LOUISIANA

Statement of Activities
Year Ended December 31, 2013

	Unrestricted	Temporarily Restricted	Total
Support, revenues and reclassifications:			
Donations of food	$ 452,043	$ -	$ 452,043
Other donations	201,865	1,050	202,915
Interest income	78	-	78
Other income	1,171	-	1,171
Government grants	14,122	-	14,122
Corporate grants	44,647	-	44,647
Fundraising	16,400	-	16,400
Net assets released from restrictions	3,565	(3,565)	-
Total support, revenues and reclassifications	733,891	(2,515)	731,376
Expenses:			
Program services	622,600	-	622,600
Supporting services-			
Management and general	24,461	-	24,461
Fundraising	70,871	-	70,871
Total supporting services	95,332	-	95,332
Total expenses	717,932	-	717,932
Change in net assets	15,959	(2,515)	13,444
Net assets, beginning of year	508,157	10,270	518,427
Net assets, end of year	$ 524,116	$ 7,755	$ 531,871

The accompanying notes are an integral part of this statement.

FOODNET OF LAFAYETTE, LOUISIANA

Statement of Functional Expenses
Year Ended December 31, 2014

		Supporting Services			
	Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses
Advertising	$ -	$ -	$ 865	$ 865	$ 865
Auto and truck	4,666	-	-	-	4,666
Bank charges	-	88	-	88	88
Contract labor	6,513	1,085	3,256	4,341	10,854
Depreciation	6,754	1,689	2,815	4,504	11,258
Dues and subscriptions	-	389	-	389	389
Food distributed	427,389	-	-	-	427,389
Food drive	-	-	4,798	4,798	4,798
Insurance	7,661	1,916	3,193	5,109	12,770
Interest expense	29	7	12	19	48
Legal and accounting	8,129	2,032	3,387	5,419	13,548
Meals	-	-	447	447	447
Miscellaneous	1,400	350	583	933	2,333
Payroll taxes	3,453	863	1,439	2,302	5,755
Postage	100	166	399	565	665
Printing	546	546	1,637	2,183	2,729
Professional development	30	8	12	20	50
Rent	1,200	-	-	-	1,200
Repairs and maintenance	906	160	-	160	1,066
Supplies	4,769	1,192	1,987	3,179	7,948
Telephone	2,866	716	1,194	1,910	4,776
Trash pickup	4,120	458	-	458	4,578
Utilities	2,740	514	171	685	3,425
Wages and salaries	46,094	11,524	19,206	30,730	76,824
Total	$ 529,365	$23,703	$ 45,401	$ 69,104	$ 598,469

The accompanying notes are an integral part of this statement.

FOODNET OF LAFAYETTE, LOUISIANA

Statement of Functional Expenses
Year Ended December 31, 2013

	Program Services	Supporting Services: Management and General	Supporting Services: Fundraising	Supporting Services: Total Supporting Services	Total Expenses
Advertising	$ -	$ -	$ 3,503	$ 3,503	$ 3,503
Auto and truck	3,982	-	-	-	3,982
Bank charges	-	239	-	239	239
Contract labor	9,475	1,579	4,738	6,317	15,792
Depreciation	6,377	1,594	2,657	4,251	10,628
Dues and subscriptions	-	179	-	179	179
Food distributed	516,178	-	-	-	516,178
Fundraising	-	-	25,651	25,651	25,651
Insurance	9,032	2,258	3,763	6,021	15,053
Interest expense	41	11	18	29	70
Legal and accounting	10,617	2,654	4,424	7,078	17,695
Meals	-	-	830	830	830
Miscellaneous	3,716	929	1,549	2,478	6,194
Payroll taxes	3,449	862	1,437	2,299	5,748
Postage	66	111	266	377	443
Professional development	60	15	25	40	100
Rent	1,200	-	-	-	1,200
Repairs and maintenance	904	159	-	159	1,063
Supplies	3,766	942	1,569	2,511	6,277
Telephone	2,493	623	1,039	1,662	4,155
Trash pickup	2,458	273	-	273	2,731
Utilities	2,612	490	163	653	3,265
Wages and salaries	46,174	11,543	19,239	30,782	76,956
Total	$ 622,600	$ 24,461	$ 70,871	$ 95,332	$ 717,932

The accompanying notes are an integral part of this statement.

FOODNET OF LAFAYETTE, LOUISIANA

Statements of Cash Flows
For The Year Ended December 31, 2014 and 2013

	2014	2013
Cash flows from operating activities:		
Change in net assets	$ (52,825)	$ 13,444
Adjustments to reconcile change in net assets		
to net cash provided by operating activities -		
Depreciation	11,258	10,628
Changes in assets and liabilities-		
Pledges receivable	153	(2,763)
Accounts receivable	(2,750)	(550)
Prepaid expenses	(392)	(316)
Inventory	28,551	21,883
Accounts payable	(24,492)	19,737
Accrued payroll	(3,905)	348
Net cash provided (used) by operating activities	(44,402)	62,411
Cash flows from investing activities:		
Purchases of property and equipment	(28,881)	-
Purchases of investments	(23,324)	-
Net cash used by investing activities	(52,205)	-
Net increase (decrease) in cash and cash equivalents	(96,607)	62,411
Cash and cash equivalents, beginning of year	253,791	191,380
Cash and cash equivalents, end of year	$ 157,184	$ 253,791
Supplemental information:		
Interest paid	$ 48	$ 70

The accompanying notes are an integral part of this statement.

(1) Nature of Organization and Significant Accounting Policies

A. Organization and Purpose

FoodNet of Lafayette, Louisiana (Organization) is a nonprofit corporation organized under the laws of the State of Louisiana for the purpose of operating a food bank for the needy of Lafayette Parish, Louisiana.

B. Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor imposed restrictions. Accordingly, net assets of the organization and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

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

Permanently restricted net assets – Net assets subject to donor-imposed stipulations than neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

C. Cash and Cash Equivalents

The Organization considers all highly liquid investments with an original maturity of three months or less at the date of acquisition to be cash equivalents.

D. Investments and Related Income, Gains, and Losses

In accordance with FASB ASC Subtopic 958-320, "*Not-for-Profit Entities-Investments-Debt and Equity Securities*", the Organization carries investments securities at their fair values based on quoted prices in active markets in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

E. Property and Equipment

The Organization's capitalization policy is $500 for property and equipment recorded at cost, if purchased, or at estimated fair market value if donated. Donations of property and equipment are recorded as contributions at their estimated fair value. In the absence of donor stipulations regarding how long the contributed assets must be used, the Organization has adopted a policy of implying a time restriction on contributions of such assets that expires over useful lives of the assets.

Depreciation is computed by the straight line method over the following estimated useful lives:

	Years
Buildings and improvements	10 - 40
Furniture and fixtures	5 - 7
Machinery and equipment	5 - 7

F. Revenue and Expense Recognition

Contributions are recognized when the donor makes a commitment to give to the Organization. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increase those net asset classifications. Expenses are recognized in the period incurred in accordance with the accrual basis of accounting. When a restriction expires, that is when a stipulated time restriction ends or purpose restrictions are accomplished, restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction.

G. Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

H. Income Taxes

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service (IRS) as other than a private foundation. The Organization's Forms 990, *Return of Organization Exempt from Income Tax,* for the years ending 2011, 2012, and 2013 are subject to examination by the IRS, generally for three years after they were filed.

I. Inventory

Inventories purchased by the Organization are valued at the lower of cost or market. Contributed inventories are valued using an approximate average wholesale value of one pound of donated product at the national level, which was determined to be $1.72 and $1.69 during 2014 and 2013, respectively. This amount was based on a study performed by Feeding America. As of December 31, 2014 and 2013, inventory consisted of the following:

	2014	2013
Food	$ 145,803	$ 177,158
Other	5,051	2,247
Total	$ 150,854	$ 179,405

J. Donated Services

The Organization receives a significant amount of donated services from unpaid volunteers who assist in program services during the year. These donated services are not reflected in the statement of activities because the criteria for recognition under professional standards have not been satisfied.

K. Advertising

Advertising costs are expensed as incurred. Total advertising expense was $865 and $3,503 for the years ended December 31, 2014 and 2013, respectively.

L. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

M. Reclassifications

For comparative purposes, certain accounts in the prior year financial statements have been reclassified in order to conform to the presentation of the current year financial statements.

(2) Investments

Investments are carried at fair value based on quoted prices in active markets (all Level 1 Measurements) and consist of the following at December 31, 2014:

Investment Type	Cost	Fair Value
Mutual funds:		
Equities	$ 20,512	$ 23,324

The following schedule summarizes the unrestricted investment return for the year ended December 31, 2014:

Return on investments:	
Interest and dividends	$ 512
Unrealized gain	2,812
Total return on investments	$ 3,324

(3) Property and Equipment

Property and equipment consist of the following as of December 31, 2014 and 2013:

	2014	2013
Building and improvements	$ 174,297	$ 149,017
Furniture and fixtures	7,047	7,047
Machinery and equipment	24,683	21,083
Total property and equipment	206,027	177,147
Less Accumulated depreciation	(67,357)	(56,100)
Property and equipment, net	$ 138,670	$ 121,047

Total depreciation expense for the years ended December 31, 2014 and 2013 was $11,258 and $10,628, respectively.

(4) Fair Value Measurements

Professional standards require the disclosure for fair value measurements of financial assets and liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the financial statements on a recurring basis. The standards establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of inputs used to measure fair value are as follows:

a. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

b. Level 2 inputs are observable inputs other 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 for substantially the full term of the assets or liabilities.

c. Level 3 inputs are unobservable inputs for the asset or liability.

The following methods and assumptions were used by the Organization in estimating fair values of financial instruments:

a. The carrying amount reported in the statement of financial position for the following approximates fair value due to the short maturities of these instruments: cash, accounts receivable, and accounts payable.

b. The fair value for investment securities are based on quoted market prices at the reporting date multiplied by the quantity held. The carrying value equals fair value.

The following table presents assets that are measured at fair value on a recurring basis at December 31, 2014:

Description	Total	Quoted Prices In Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds:				
Equities	$ 23,324	$ 23,324	$ -	$ -

(5) Net Assets Released from Restrictions

Details of net assets released from restrictions for the years ended December 31, 2014 and 2013 follows:

	2014	2013
Purpose restrictions accomplished:		
Food purchases	$ -	$ 1,050
Time restrictions expired:		
Expired portion of estimated useful life of contributed assets	2,644	2,515
Total	$ 2,644	$ 3,565

(6) Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following at December 31, 2014 and 2013:

	2014	2013
Remaining estimated useful life of contributed fixed asset	$ 8,711	$ 7,755

(7) Concentration of Credit Risk

The Organization maintains cash balances at financial institutions, which at times may exceed federally insured limits. Accounts are insured by the Federal Deposit Insurance Corporation up to $250,000. Additionally, the Organization maintains an account with an investment broker. These assets are insured by the Securities Investor Protection Corporation up to $500,000 per institution. At December 31, 2014 and 2013, the Organization's cash balances were fully secured.

(8) Concentrations

Approximately 22% and 26% of the Organization's food donations were provided by the KLFY Food for Families Food Drive for the years ended December 31, 2014 and 2013, respectively.

(9) Food Purchased for Distribution

The Organization distributed food in amount of $427,389 and $516,178 for the years ended December 31, 2014 and 2013. Of this amount, $30,891 and $42,252 was purchased for distribution by the Organization during 2014 and 2013, respectively.

(10) Compensation, Benefits, and Other Payments to Agency Head

A. The schedule of compensation and benefits paid to Lemel Jones, Executive Director, for seven months of employment during the year ended December 31, 2014 follows:

Purpose	Amount
Salary	$26,623
Vehicle allowance	517
Cellular phone allowance	485
Medical insurance allowance	1,292

B. The schedule of compensation and benefits paid to Julie LaFleur, Executive Director, for five months of employment during the year ended December 31, 2014 follows:

Purpose	Amount
Salary	$15,923
Vehicle allowance	425
Cellular phone allowance	398
Medical insurance allowance	1,062

(11) Subsequent Event Review

The Organization's management has evaluated subsequent events through May 29, 2015, the date which the financial statements were available to be issued.

INTERNAL CONTROL, COMPLIANCE

AND

OTHER MATTERS

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INDEPENDENT AUDITORS' 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*

To the Officers and Directors
FoodNet of Lafayette, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the FoodNet of Lafayette, Louisiana (a nonprofit organization), which comprise the statements of financial position as of December 31, 2014 and 2013, 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 May 29, 2015.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suited for any other purpose. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
May 29, 2015

FOODNET OF LAFAYETTE, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan
December 31, 2014

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Date Of Completion
CURRENT YEAR (12/31/14) --						
Internal Control:						
There were no internal control findings.						
Compliance:						
There were no compliance findings.						
PRIOR YEAR (12/31/13) --						
Internal Control:						
2013-001	2013	Management should review their controls over the inventory process. The amount of incoming an outgoing items are not being reported accurately resulting in the Organization's inability to properly account for the change in inventory during the fiscal year.	Yes	Management will enhance their controls over the inventory process. All incoming and outgoing items will be properly weighed and recorded to ensure all activity is properly documented.	Emily Hamner, Board President	7/31/2014
2013-002	2013	The Organization should review their disbursement policy. Controls were not in place to ensure all credit card purchases were supported by a valid detailed receipt.	Yes	Receipts will be maintained for all credit card purchases. Additionally, all charges on the credit card statement will be matched to a detail receipt on a monthly basis.	Emily Hamner, Board President	7/31/2014
2013-003	2013	Management did not have proper controls in place to ensure that reconciliations of fundraising events were properly completed. All used and unused tickets should be accounted for and reconciled to bank deposits. Additionally, management should provide adequate oversight over the collection process of all fundraising activities.	Yes	Management will develop procedures to ensure that all fundraisers are supervised and reconciled.	Emily Hamner, Board President	7/31/2014
Compliance:						
There were no compliance findings.						