

**FOOD BANK OF COVINGTON, LA, INC.**

**Financial Statements as of December 31, 2012  
and for the Years Then Ended  
and Independent Auditors' Report**

**FOOD BANK OF COVINGTON, LA, INC.**

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Certified Public Accountants & Consultants

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Food Bank of Covington, LA, Inc.

We have audited the accompanying financial statements of Food Bank of Covington, LA, Inc. (a Louisiana not-for-profit corporation) (the Organization), which comprises the balance sheet as of December 31, 2012, and the related statements of activities and changes in net assets, revenues, other support, and expenses by program and supporting services, and cash flows for the year then ended, and the related notes to 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.

### 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. 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 risk 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 Organization'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 Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Food Bank of Covington, LA, Inc. as of December 31, 2012, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Silva Gurtner & Almey, LLC*

June 19, 2013

**FOOD BANK OF COVINGTON, LA, INC**  
**STATEMENT OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2012**

<b>ASSETS</b>	<u>2012</u>
<b>CURRENT ASSETS</b>	
Cash and cash equivalents	\$ 301,693
Certificates of deposit	870,398
Inventory	57,874
Other assets	<u>94,243</u>
Total current assets	1,324,208
<b>PROPERTY AND EQUIPMENT</b>	
Building	442,358
Dental equipment	103,747
Vehicles	9,402
Equipment	<u>45,264</u>
	600,771
Less: accumulated depreciation	<u>(240,800)</u>
Total property and equipment, net	359,971
<b>LAND</b>	<u>141,651</u>
<b>TOTAL ASSETS</b>	<b><u><u>\$ 1,825,830</u></u></b>
<b>LIABILITIES AND NET ASSETS</b>	
<b>CURRENT LIABILITIES</b>	
Accounts payable	\$ -
Accrued expenses	<u>18,486</u>
Total current liabilities	18,486
<b>NET ASSETS</b>	
Unrestricted net assets	1,783,058
Temporarily restricted	<u>24,286</u>
Total net assets	<u>1,807,344</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u><u>\$ 1,825,830</u></u></b>

See accompanying independent auditors' report and notes to financial statements.

**FOOD BANK OF COVINGTON, LA, INC.**  
**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

	Unrestricted	Temporarily Restricted	Total
<b>REVENUES AND OTHER SUPPORT</b>			
Food bank income	\$ 406,063	\$ -	\$ 406,063
Thrift store income	189,880	-	189,880
Dental clinic income	-	258,407	258,407
St. Vincent de Paul income	-	2,705	2,705
Fundraising income	141,450	-	141,450
In kind donations	608,922	-	608,922
Other income	19,095	-	19,095
Net assets released from restriction	437,819	(437,819)	-
<b>Total revenues and other support</b>	<b>1,803,229</b>	<b>(176,707)</b>	<b>1,626,522</b>
<b>EXPENSES</b>			
Advertising	1,299	-	1,299
Assistance	10,342	-	10,342
Depreciation	15,060	-	15,060
Facilities and equipment	3,963	-	3,963
Food	147,701	-	147,701
Fundraising	48,913	-	48,913
In kind donations	608,922	-	608,922
Insurance	39,235	-	39,235
Interest expense	78	-	78
Maintenance	9,315	-	9,315
Miscellaneous	733	-	733
Operating expenses	46,553	-	46,553
Payroll taxes	32,710	-	32,710
Professional fees	14,634	-	14,634
Salaries	418,907	-	418,907
Supplies	63,656	-	63,656
Utilities	28,568	-	28,568
<b>Total expenses</b>	<b>1,490,589</b>	<b>-</b>	<b>1,490,589</b>
<b>CHANGE IN NET ASSETS</b>	<b>312,640</b>	<b>(176,707)</b>	<b>135,933</b>
NET ASSETS – Beginning of year	1,470,418	200,993	1,671,411
NET ASSETS – End of year	<b>\$ 1,783,058</b>	<b>\$ 24,286</b>	<b>\$ 1,807,344</b>

See accompanying independent auditors' report and notes to financial statements.

**FOOD BANK OF COVINGTON, LA, INC.**  
**SCHEDULE OF REVENUES, OTHER SUPPORT AND EXPENSES BY PROGRAM AND SUPPORTING SERVICES**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

	Program Services				Support Services				Total
	Food Bank	Thrift Store	Dental Clinic	St. Vincent de Paul	Program Total	General and Administrative	Fundraising	Support Total	
Unrestricted revenues and other support									
Contributions	\$ 406,063	\$ 11,793	\$ -	\$ -	\$ 417,856	\$ -	\$ -	\$ -	\$ 417,856
Sales	-	178,087	-	-	178,087	-	-	-	178,087
Patient revenue	-	-	-	-	-	-	-	-	-
Fundraising	-	-	-	-	-	-	141,450	141,450	141,450
In kind donations	608,922	-	-	-	608,922	-	-	-	608,922
Other income	-	-	-	-	-	19,095	-	19,095	19,095
Total unrestricted revenues and other support	1,014,985	189,880	-	-	1,204,865	19,095	141,450	160,545	1,365,410
Temporarily restricted revenues and other support	-	-	258,407	2,705	261,112	-	-	-	261,112
Total revenues and other support	1,014,985	189,880	258,407	2,705	1,465,977	19,095	141,450	160,545	1,626,522
Expenses									
Advertising	1,211	88	-	-	1,299	-	-	-	1,299
Assistance	-	-	-	10,342	10,342	-	-	-	10,342
Depreciation	-	-	-	-	-	15,060	-	15,060	15,060
Facilities and equipment	3,963	-	-	-	3,963	-	-	-	3,963
Food	147,701	-	-	-	147,701	-	-	-	147,701
Fundraising	-	-	-	-	-	-	48,913	48,913	48,913
In kind donations	608,922	-	-	-	608,922	-	-	-	608,922
Insurance	21,099	3,852	14,284	-	39,235	-	-	-	39,235
Interest expense	-	-	-	-	-	78	-	78	78
Maintenance	9,315	-	-	-	9,315	-	-	-	9,315
Miscellaneous	334	74	290	-	698	35	-	35	733
Operating expenses	19,424	19,875	6,299	-	45,598	955	-	955	46,553
Payroll taxes	16,378	5,896	10,436	-	32,710	-	-	-	32,710
Professional fees	-	-	-	-	-	14,634	-	14,634	14,634
Salaries	203,381	69,988	145,538	-	418,907	-	-	-	418,907
Supplies	12,916	3,782	46,958	-	63,656	-	-	-	63,656
Utilities	17,437	7,040	4,091	-	28,568	-	-	-	28,568
Total expenses	1,062,081	110,595	227,896	10,342	1,410,914	30,762	48,913	79,675	1,490,589
Change in net assets	\$ (47,096)	\$ 79,285	\$ 30,511	\$ (7,637)	\$ 55,063	\$ (11,667)	\$ 92,537	\$ 80,870	\$ 135,933

See accompanying independent auditors' report and notes to financial statements.

**FOOD BANK OF COVINGTON, LA, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	2012
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in net assets	\$ 135,933
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	15,060
Change in operating assets and liabilities:	
Inventory	8,641
Other assets	(11,488)
Accounts payable	(20,081)
Accrued expenses	7,716
Other liabilities	-
	135,781
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchases of certificates of deposit	(101,908)
Purchases of property and equipment	(13,657)
	(115,565)
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>20,216</b>
<b>CASH AND CASH EQUIVALENTS – Beginning of year</b>	<b>281,477</b>
<b>CASH AND CASH EQUIVALENTS – End of year</b>	<b>\$ 301,693</b>
<b>SUPPLEMENTAL DISCLOSURE OF CASH INFORMATION</b>	
Cash paid during the year for interest	<b>\$ 78</b>

See accompanying independent auditors' report and notes to financial statements.



**FOOD BANK OF COVINGTON, LA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Nature of Organization*** – Food Bank of Covington, LA, Inc. (the “Organization”) is a not-for-profit organization located in Covington, Louisiana, whose purpose is to identify and address the needs of the poor in the parishes of St. Tammany, Tangipahoa, and Washington. The Organization includes the following programs:

1. The Food Bank provides perishable and non-perishable food items to multi-member households three times a week and for the holidays.
2. The Thrift Store offers a variety of clothing and household items at reduced prices.
3. The Dental Clinic treats the dental needs of the uninsured populations in the area at a discount.
4. The St. Vincent de Paul Society assists individuals who seek emergency financial assistance with such expenses as utilities, rent, or pharmacy bills.

***Basis of Presentation*** – Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB). Under FASB, 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.

- a) Unrestricted net assets represent the portion of net assets that are not subject to donor restrictions.
- b) Temporarily restricted net assets arise from contributions that are restricted by donors for specific purposes or time periods.
- c) Permanently restricted net assets are donor-imposed assets that stipulate that the donation be maintained permanently but permits the use of all or part of the income derived. There were no permanently restricted net assets as of December 31, 2012.

All contributions are considered available for unrestricted use, unless specifically restricted by donors. All expenses are reported as changes in unrestricted net assets.

***Basis of Accounting*** – The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

***Use of Estimates*** – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

***Cash and Cash Equivalents*** – For purposes of the statements of cash flows, the Organization’s management considers all unrestricted highly liquid debt instruments purchased with an initial maturity of three months or less to be cash equivalents.

**FOOD BANK OF COVINGTON, LA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

***Certificates of Deposit*** – Certificates of deposit with a face value totaling \$870,398 were held by the Organization at December 31, 2012. These certificates bore interest rates ranging from 0.35% to 0.70%.

***Schedule of Revenues, Other Support and Expenses by Program and Supporting Services*** – The revenues and costs of providing the various programs and other activities have been summarized on a functional basis in the schedule of revenues, other support and expenses by program and supporting services. Accordingly, certain revenues and costs have been allocated among the programs and supporting services benefited based on actual amounts and/or management’s best estimate.

***Property and Equipment*** – Property and equipment are recorded at cost. Depreciation is provided on the straight-line method over the estimated useful lives as follows:

Building	39 years
Dental equipment	5 years
Vehicles	5 years
Equipment	7 years

Additions and betterments of \$5,000 or more are capitalized, while maintenance and repairs that do not extend the useful lives of the respective assets are expensed in the current year. Depreciation expense for the years ended December 31, 2012 was \$15,060.

***Donated Assets and Services*** – The Organization records noncash donations, except for food donations (see inventory policy for detail), as contributions, at the estimated fair value at the date of donation. The Organization recognizes donated services, if significant in amount, that create or enhance non-financial assets or that require specialized skills, that are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. In addition, a substantial number of volunteers have contributed significant amounts of their time in the Organization’s program services. However, these volunteer services do not meet all of the applicable requirements of financial accounting standards necessary to be recorded in the financial statements.

***Inventory*** – Inventory is comprised of donated food and grocery products, purchased food, and grocery products. Donated food inventory, including food received, distributed and undistributed, is valued using the estimated fair value as determined by management. The average value used for the years ended December 31, 2012 was \$0.90.

Purchased food inventory is recorded at cost.

Donated commodities are considered by management to be immaterial and, thus, are not included in the accompanying financial statements.

***Other Assets*** – Other assets as of December 31, 2012 consisted of cash surrender value of life insurance and prepaid insurance. Cash surrender value of life insurance of \$93,045 is carried at fair value. The Organization is the owner and beneficiary on the life insurance, which covers one of its former Directors. The remaining \$1,228 of other assets is prepaid insurance.

**FOOD BANK OF COVINGTON, LA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

*Thrift Store Inventory* – Financial accounting standards require that contributions be recognized as inventory when received and carried at fair value. Management believes there is a major uncertainty about the existence of value which indicates that an item received or given should not be recognized. Financial accounting standards state that “fair value should be regarded as not determinable within reasonable limits if major uncertainties exist about the realizability of the value”, thus, donations of Thrift Store items are not valued nor is an inventory of items used for financial reporting.

*Temporary Restrictions on Net Assets* – The temporarily restricted net assets are composed of contributions restricted for certain programs, specifically the Dental Clinic and the St. Vincent de Paul Society. The donors consist of third parties, which have specifically stipulated that the funds be used to help the Organization with certain programs provided to the public. As the Organization uses these funds for the stipulated purpose, they are released from restriction.

*Income Taxes* – The Organization qualifies as a not-for-profit organization under 501(c)(3) of the Internal Revenue Code, and thus, is exempt from federal and state income taxes. Management has evaluated its tax positions and has determined that there are no uncertainties in income taxes that require adjustments to or disclosures in the financial statements.

*Advertising Costs* – The Organization expenses advertising costs as incurred. Advertising expense charged to operations for the year ended December 31, 2012 was \$1,299.

**NOTE B – CONCENTRATIONS OF CREDIT RISK**

The Organization maintains cash balances at several financial institutions located in Covington, Louisiana. Accounts at each of these institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Organization’s cash was not in excess of the FDIC insurance limit at December 31, 2012.

**NOTE C – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through the date that the financial statements were available to be issued, June 19, 2013, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.