

The Food Bank of Central Louisiana

Alexandria, Louisiana

Financial Statements

June 30, 2013

Table of Contents

Independent Auditors' Report.....	1
Basic Financial Statements	
Statement of Financial Position	3
Statement of Activities.....	5
Statement of Cash Flows	6
Statement of Functional Expenses.....	7
Notes to Financial Statements.....	8
Schedule of Federal Awards	15
Notes to the Schedule of Federal Awards for the Year Ended June 30, 2013.....	16
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	17
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133	19
Schedule of Findings and Questioned Costs.....	22
Management's Corrective Action Plan.....	27
Summary of Prior Audit Findings	29



KnightMasden

A Professional Accounting Corporation

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December 11, 2012

Independent Auditors' Report

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

We have audited the accompanying financial statements of The Food Bank of Central Louisiana (a nonprofit organization), which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

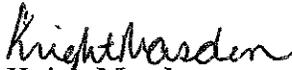
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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Food Bank of Central Louisiana as of June 30, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Food Bank of Central Louisiana's 2012 financial statements, and our report dated November 21, 2012, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.


KnightMasden



The Food Bank of Central Louisiana
Statement of Financial Position
June 30, 2013

	<u>2013</u>	<u>2012</u> <u>Summarized</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 28,601	\$ 6,288
Restricted cash	201,180	3,403
Pledges receivable, net of allowance for doubtful accounts	232,242	66,106
Accounts receivable	43,201	16,186
Grants receivable	527	99,998
Prepaid expenses	16,424	6,215
Inventory	<u>1,407,080</u>	<u>1,045,770</u>
Total Current Assets	1,929,255	1,243,966
Plant, Property and Equipment, net of accumulated depreciation	914,789	590,601
Other Assets		
Pledges receivable, net of allowance for doubtful accounts - long term	<u>574,319</u>	<u>42,233</u>
Total Other Assets	<u>574,319</u>	<u>42,233</u>
Total Assets	<u>\$ 3,418,363</u>	<u>\$ 1,876,800</u>

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

The Food Bank of Central Louisiana
Statement of Financial Position
June 30, 2013

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable	\$ 40,015	\$ 39,880
Accrued payroll expenses	23,318	44,606
Current portion of long-term debt	<u>43,049</u>	<u>116,447</u>
Total Current Liabilities	106,382	200,933
Long Term Liabilities	<u>404,288</u>	<u>184,010</u>
Total Liabilities	510,670	384,943
Net Assets		
Unrestricted	1,741,607	1,312,426
Temporarily restricted	<u>1,166,086</u>	<u>179,431</u>
Total Net Assets	<u>2,907,693</u>	<u>1,491,857</u>
Total Liabilities and Net Assets	<u>\$ 3,418,363</u>	<u>\$ 1,876,800</u>

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

The Food Bank of Central Louisiana
Statement of Activities
For the Year Ended June 30, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2013 Total</u>	<u>2012 Summarized</u>
Revenues				
Contributions, gifts and grants				
Government	\$ -	\$ 153,084	\$ 153,084	\$ 188,102
Other	427,524	1,708,024	2,135,548	865,229
In-kind donations				
Government	-	921,550	921,550	651,837
Other	4,959,440	-	4,959,440	5,487,537
Program service revenue	155,087	-	155,087	156,846
Fund raising events	-	-	-	14,426
Other income	12,069	-	12,069	6,439
Total Revenues	<u>5,554,120</u>	<u>2,782,658</u>	<u>8,336,778</u>	<u>7,370,416</u>
Net Assets Released From Restrictions	<u>1,796,003</u>	<u>(1,796,003)</u>	<u>-</u>	<u>-</u>
Functional Expenses				
Program services	6,378,152	-	6,378,152	6,949,453
Management and general	247,784	-	247,784	213,636
Fundraising	295,006	-	295,006	197,420
Total Functional Expenses	<u>6,920,942</u>	<u>-</u>	<u>6,920,942</u>	<u>7,360,509</u>
Change in Net Assets	429,181	986,655	1,415,836	9,907
Net Assets - beginning of year	<u>1,312,426</u>	<u>179,431</u>	<u>1,491,857</u>	<u>1,481,950</u>
Net Assets - end of year	<u>\$ 1,741,607</u>	<u>\$ 1,166,086</u>	<u>\$ 2,907,693</u>	<u>\$ 1,491,857</u>

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

The Food Bank of Central Louisiana
Statement of Cash Flows
For the Year Ended June 30, 2013

	<u>2013</u>	<u>2012</u> <u>Summarized</u>
Cash Flows from Operating Activities		
Change in Net Assets	\$1,415,836	\$ 9,907
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Depreciation	50,218	43,122
(Increase) decrease in receivables	(625,765)	(40,396)
(Increase) decrease in prepaid expenses	(10,209)	2,589
(Increase) decrease in inventory	(361,310)	(200,372)
Increase (decrease) in accounts payable	135	29,618
Increase (decrease) in other liabilities	<u>(21,288)</u>	<u>29,127</u>
Net Cash Provided by Operating activities	447,617	(126,405)
Cash flows from Investing Activities		
Purchase of plant, property and equipment	<u>(84,407)</u>	<u>(218,764)</u>
Net Cash Used by Investing Activities	(84,407)	(218,764)
Cash flows from Financing Activities		
Loan payments	(143,120)	(39,997)
Loan proceeds	<u>-</u>	<u>201,536</u>
Net Cash Provided by Financing Activities	<u>(143,120)</u>	<u>161,539</u>
Net Increase (Decrease) in Cash and Cash equivalents	220,090	(183,630)
Cash and Cash Equivalents - Beginning of Year	<u>9,691</u>	<u>193,321</u>
Cash and Cash Equivalents - End of Year	<u>\$ 229,781</u>	<u>\$ 9,691</u>
Cash and Cash Equivalents		
Operating Cash	\$ 28,601	\$ 6,288
Restricted Cash	<u>201,180</u>	<u>3,403</u>
Total Cash and Cash Equivalents	<u>\$ 229,781</u>	<u>\$ 9,691</u>
Cash paid for:		
Interest	\$ 15,389	\$ 7,424
Non-cash purchase of building	\$ 290,000	-

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

The Food Bank of Central Louisiana
Statement of Functional Expenses
For the Year Ended June 30, 2013

	Food <u>Distribution</u>	Management <u>and General</u>	<u>Fundraising</u>	2013 Total <u>Expenses</u>	2012 Summarized <u>Expenses</u>
Food costs	\$ 5,526,675	\$ -	\$ -	\$ 5,526,675	\$ 6,099,142
Freight	138,815	-	-	138,815	142,271
Kids café	15,641	-	-	15,641	9,245
Contract labor	21,178	3,000	-	24,178	34,799
Insurance	55,532	14,720	6,380	76,632	73,379
Lease	22,220	-	-	22,220	41,538
Repairs and maintenance	103,822	4,029	-	107,851	96,390
Supervision expense	39,691	-	-	39,691	43,001
Volunteer expense	1,325	-	-	1,325	-
Warehouse expense	15,304	-	-	15,304	17,863
Depreciation	42,685	7,533	-	50,218	43,122
Direct mail	-	-	82,891	82,891	67,043
Other fundraising	-	-	71,619	71,619	22,316
Payroll expenses	280,267	130,600	65,777	476,644	472,055
Advertising	-	-	40,684	40,684	26,124
Abandoned assets	-	7,097	-	7,097	-
Bad debt	-	24,742	-	24,742	3,043
Bank charges	-	2,693	-	2,693	3,119
Dues and subscriptions	11,590	250	-	11,840	6,824
Education and seminars	-	3,433	-	3,433	5,024
Public relations	-	3,018	2,012	5,030	5,555
Postage and printing	6,257	2,000	13,319	21,576	13,208
Other Program Expense	38,675	-	-	38,675	44,697
Meals	2,872	674	-	3,546	3,610
Security	-	1,431	-	1,431	1,022
Software maintenance	2,253	2,253	4,507	9,013	10,223
Telephone	4,335	2,168	2,167	8,670	7,267
Travel	11,181	-	-	11,181	9,856
Utilities	24,633	1,026	-	25,659	23,438
Interest	-	15,375	-	15,375	7,424
Donation	-	-	-	-	100
Taxes & licenses	-	1,391	-	1,391	1,207
Legal & professional	-	14,700	-	14,700	12,000
Office supplies	13,201	5,651	5,650	24,502	14,603
	<u>\$ 6,378,152</u>	<u>\$ 247,784</u>	<u>\$ 295,006</u>	<u>\$ 6,920,942</u>	<u>\$ 7,360,509</u>

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

The Food Bank of Central Louisiana
Notes to the Financial Statements
June 30, 2013

Note 1 – Nature of Activities and Significant Accounting Policies

Nature of Activities

The Food Bank of Central Louisiana (Food Bank) is a not-for-profit organization that gathers, stores and redistributes food to individuals and charitable organizations and churches that serve the needy. Food sources include donations from individuals, corporations and organizations; purchased food; and the USDA Commodities program.

The Food Bank began during the year ended June 30, 2011 a project to create a community garden. The project will supply the Food Bank with fresh produce to distribute and working with other organizations and individuals to start other community gardens. The project also will help promote healthy eating, through locally grown produce to the community, encourage local farmers and other food producers to participate in a local food network, and target education for needy clients of the Food Bank on healthy eating and growing produce.

Basis of Presentation

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

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

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

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by Food Bank. Generally, the donors of these assets permit the Food Bank to use all or part of the income earned on any related investments for general or specific purposes.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates. Significant estimates have been applied in the determination of donated food values and depreciation in preparation of the accompanying financial statements.

The Food Bank of Central Louisiana
Notes to the Financial Statements
June 30, 2013

Note 1 – Nature of Activities and Significant Accounting Policies (Continued)

Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and highly liquid investments with original maturities of less than three months.

Revenue Recognition and Promises to Give

Contributions are recognized when the donor makes an unconditional promise to give to the Food Bank. All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Functional Allocation of Expenses

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

Income Taxes

The Food Bank is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes on related income pursuant to Section 501(a) of the Internal Revenue Code.

Food Inventory

Donated and Purchased – Food inventory, predominately donated, is reported at fair value as determined by pricing guidelines produced by *Feeding America*. Donated food inventory received is recorded as unrestricted revenue at an amount equal to the determined value in accordance with the aforementioned guidelines.

Commodities – Commodities inventory is reported at fair value as determined by the commodities price listing produced by the Louisiana Department of Agriculture and Forestry. Commodities inventory received is recorded as temporarily restricted revenue at an amount equal to the determined value in accordance with the aforementioned guidelines.

Property and Equipment

Property and equipment are stated at cost. Additions, renewals and betterments that extend the useful life of the assets are capitalized. Maintenance and repair expenditures are expensed as incurred. Provisions for depreciation and amortization are computed using the straight-line method over the assets' useful lives, which range from 3 to 39 years.

The Food Bank of Central Louisiana
Notes to the Financial Statements
June 30, 2013

Note 1 – Nature of Activities and Significant Accounting Policies (Continued)

Accounts Receivable

The Food Bank determines past-due accounts based on contractual terms of net 30 and does not charge interest on the accounts. The Food Bank charges off receivables if management considers the collection of the outstanding balance to be doubtful. No allowance is recorded because management believes all accounts to be collectable.

Pledges Receivable

The Food Bank determines past-due pledges based on the terms of the pledges. The Food Bank charges off pledges if management considers the outstanding balance to be uncollectible. Allowance for doubtful accounts is computed using historical data.

Fair Value Measurements

Accounting for Fair Value Measurements (FASB ASC 820-10-50-1) required disclosures for financial assets and liabilities that are re-measured at fair value at least annually. FASB ASC 820-10-50-1 establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions. All cash is valued using quoted market prices (referred to as Level 1).

Note 2 – Pledges Receivable

Pledges receivable are presented at their net present value. The net present value was calculated using the five year Treasury Note rate of 1.76% Pledges receivable are due as follows:

<u>Year Due</u>	<u>Gross Amount</u>	<u>Net Present Value</u>
2014	\$ 234,890	\$ 234,890
2015	186,990	183,756
2016	132,890	128,333
2017	130,197	123,557
2018	115,128	106,360
2019	400	362
In-Kind	<u>38,500</u>	<u>38,500</u>
	<u>\$ 838,995</u>	815,758
Allowance for doubtful accounts		<u>(9,197)</u>
Total		<u>\$806,561</u>

The Food Bank of Central Louisiana
Notes to the Financial Statements
June 30, 2013

Note 2 – Pledges Receivable (continued)

Reported as

Short-term pledges receivable	\$232,242
Long-term pledges receivable	\$574,319

Note 3 – Fixed Assets and Depreciation

The following schedule summarizes estimated useful life, cost and accumulated depreciation of property, plant and equipment as of June 30, 2013:

<u>Description</u>	<u>Life</u>	
Equipment	5 - 7 years	\$517,970
Building	39 years	898,391
Less: Accumulated Depreciation		<u>(501,572)</u>
Net Fixed Assets		<u>\$914,789</u>

Depreciation expense for the year ended June 30, 2013 was \$50,218.

Note 4 – Restricted Cash

Restricted cash as of June 30, 2013 totaled \$201,180, and were restricted for the following purposes:

<u>Restriction</u>	<u>Amount</u>
Good Food Project	\$ 38,833
NOW	73,081
Kid's Café – Winnfield	54,708
Capital Campaign	34,247
FEMA	<u>311</u>
Total	<u>\$201,180</u>

FEMA requires that the funds be kept in a separate bank account.

The Food Bank of Central Louisiana
Notes to the Financial Statements
June 30, 2013

Note 5—Restricted Net Assets

As of June 30, 2012 Food Bank had no permanently restricted net assets.

Temporarily restricted net assets as of June 30, 2013 total \$1,166,086, and were restricted for the following purposes:

<u>Restriction</u>	<u>Amount</u>
Capital Campaign	\$ 798,735
Good Food Project	81,860
FEMA Food Purchase	933
Adopt-A-Senior	20,000
BackPack Program	68,400
Kid's Café – Winnfield	54,708
Nutrition on Wheels Program	73,081
Pineville Youth Center	16,603
Freezer Door Replacement	12,225
USDA Commodities Inventory	28,794
FEMA Inventory	<u>10,747</u>
 Total	 <u>\$1,166,086</u>

Of the above items listed, cash required to fulfill these totals \$409,867. As of June 30, 2013, the Food Bank only had cash totaling \$229,781.

Note 6 – Donated Food

Activity of donated food inventory is summarized as follows:

<u>Unrestricted</u>	
Beginning Unrestricted Inventory	\$ 964,508
Donations received	4,959,440
Distributed, discarded and adjustments	<u>(4,556,409)</u>
Ending Unrestricted Inventory	1,367,539
 <u>Temporarily Restricted</u>	
Beginning Temporarily Restricted Inventory	81,262
Donations received	921,551
Purchases	19,172
Distributed, discarded and adjustments	<u>(982,444)</u>
Ending Temporarily Restricted Inventory	<u>39,541</u>
 Total Ending Inventory	 <u>\$1,407,080</u>

The Food Bank of Central Louisiana
Notes to the Financial Statements
June 30, 2013

Note 7 – Donated Services

Unpaid volunteers have made significant contributions of their time to the Food Bank. The value of the contributed time is not reflected in these statements since it is not susceptible to an objective measurement.

Note 8 – Retirement Plan

The Food Bank adopted a Simple Plan for its employees. The Plan covers all full time employees who have completed at least one year of service. The Food Bank is obligated to match up to 100% of an employee's deferred amount, which cannot exceed 3% of their pay. The Food Bank contributed \$7,765 to this Plan during the year ended June 30, 2013.

Note 9 – Leases

The Food Bank is obligated to the following leases, which are classified as operating leases:

- a) Copier Lease – This lease was entered into on November 10, 2005, and is for \$300 per month for an undetermined number of payments.
- b) Building Lease – This lease was entered into on July 1, 2011 for \$3,125 per month for 36 months effective. This building was purchased in December 2012.

Future minimum lease obligations for the next five years are:

Years Ended <u>June 30</u>	<u>Amounts</u>
2013	3,600
2014	3,600
2015	3,600
2016	3,600
2017	3,600

The total lease payments made during the year ended June 30, 2013 was \$22,220.

Note 10 – Notes Payable

Note payable to Feeding America for purchase of delivery truck; dated December 9, 2010; collateralized by delivery truck; payable in four annual installments of \$24,743.50, plus accrued interest at an increase rate from 0% the first year to 4% in the final year, until December 31, 2014. \$37,200

Note payable to Capital One Bank for purchase of food through the LaNIAP program; dated March 4, 2012; with interest payments due monthly. 2,464

The Food Bank of Central Louisiana
Notes to the Financial Statements
June 30, 2013

Note 10 – Notes Payable (continued)

Note payable to Chandler Corporation, LLC for purchase of building located at 3142 Baldwin Avenue, Alexandria, LA; collateralized by same building; payable in 120 monthly payments of \$3,219.59; with interest rate of 6.00%.	277,710
Note payable to Bancorp South in the amount of \$142,113 for improvements to the building and parking lot; dated October 27, 2011; collateralized by the building and land; monthly payments of \$904.28; with interest rate of 4.5%.	<u>129,963</u>
Total	447,337
Less current portion	<u>(43,049)</u>
Total long term notes payable	<u>\$404,288</u>

Future maturities of notes payable as of June 30, 2013 were as follows:

Years Ended	<u>Amounts</u>
<u>June 30</u>	
2014	43,049
2015	53,488
2016	30,710
2017	32,556
2018	5,532
2019 and subsequent	286,982

Note 11 – Concentrations of Risk

The Food Bank receives the majority of its donated food from two sources. For the year ended June 30, 2013, about 84% came from Feeding America and 15% came from the USDA commodity program.

Note 12 – Subsequent Events

The Food Bank has no material subsequent events that would require disclosure. Subsequent events have been evaluated through December 11, 2013.

Note 13 – Income Taxes

As of June 30, 2013, tax years 2010 and subsequent were still within the prescription period for examination by taxing authorities.

The Food Bank of Central Louisiana
Schedule of Federal Awards
For the Year Ended June 30, 2013

<u>Federal Grantor/Pass-through Grantor</u>	<u>Federal CDFA Number</u>	<u>Pass- through Identifying Number</u>	<u>Federal Expenditures</u>
U. S. Department of Agriculture – Emergency Food Assistance Program Indirect Programs:			
Louisiana Department of Agriculture and Forestry	10.568		\$ 925,046
Louisiana Department of Agriculture and Forestry	10.569		147,727
U. S. Department Homeland Security Direct Program			
Emergency Food and Shelter Program	97.024		<u>4,501</u>
Total Expenditures of Federal Awards			<u>\$1,077,274</u>

The Food Bank of Central Louisiana
Notes to the Schedule of Federal Awards
For the Year Ended June 30, 2013

Note A – Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of The Food Bank of Central Louisiana (Food Bank) and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note B – Food Distribution

Non-monetary assistance is reported in the schedule at the estimated cost of the commodities disbursed. At June 30, 2013, the organization has USDA commodities valued at \$28,794 in inventory.

Note C – Sub-Recipients

Most of the commodities distributed are done so to eligible recipient agencies considered to be sub-recipients of the Food Bank.



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

December 11, 2013

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The Food Bank of Central Louisiana (a nonprofit organization), which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 11, 2013.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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

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timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses: 2013-02 and 2013-04.

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. We consider the deficiencies described in the accompany schedule of findings and questioned costs to be significant deficiencies: 2013-01.

Compliance and Other Matters

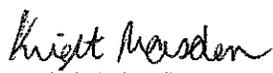
As part of obtaining reasonable assurance about whether The Food Bank of Central Louisiana's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2013-03.

The Food Bank of Central Louisiana's Response to Findings

The Food Bank of Central Louisiana's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Food Bank of Central Louisiana's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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


KnightMasden





KnightMasden

A Professional Accounting Corporation

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

Coan I. Knight, Jr., CPA
K. Martin Masden, CPA
Stephanie R. Lemoine, CPA

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133

December 11, 2013

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

Report on Compliance for Each Major Federal Program

We have audited The Food Bank of Central Louisiana's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of The Food Bank of Central Louisiana's major federal programs for the year ended June 30, 2013. The Food Bank of Central Louisiana's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of The Food Bank of Central Louisiana's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about The Food Bank of Central Louisiana's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

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In our opinion, The Food Bank of Central Louisiana complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2013-03. Our opinion on each major federal program is not modified with respect to these matters.

The Food Bank of Central Louisiana's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Food Bank of Central Louisiana's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of The Food Bank of Central Louisiana is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered The Food Bank of Central Louisiana's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of The Food Bank of Central Louisiana's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2013-04 to be material weaknesses.



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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose. Under Louisiana statutes, this report is distributed by the Legislative Auditor as a public document.



KnightMasden



The Food Bank of Central Louisiana
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2013

A. Summary of Auditors' Results

1. The auditors' report expresses an unqualified opinion on the financial statements of The Food Bank of Central Louisiana.
2. Two control deficiency disclosed during the audit of the financial statements is reported in the *Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*. One deficiency is considered a significant deficiency and the other is considered a material weakness.
3. No instance of noncompliance material to the financial statements of The Food Bank of Central Louisiana, which would be required to be reported in accordance with *Government Auditing Standards*, was disclosed during the audit.
4. One material weakness in internal control over major federal award programs disclosed during the audit is reported in the *Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133*.
5. The auditors' report on compliance for the major federal award program administered by The Food Bank of Central Louisiana expresses an unqualified opinion.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in Section C of this schedule.
7. The programs tested as major programs include:

Emergency Food Assistance Program	<u>CFDA Numbers</u>
	10.568
	10.569
8. The threshold used for distinguishing between Type A and B programs was \$300,000.
9. The Food Bank of Central Louisiana does not qualify as a low-risk auditee.

The Food Bank of Central Louisiana
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2013

B. Findings – Financial Statement Audit

INTERNAL CONTROL AND COMPLIANCE FINDING

2013-01 Preparation of Financial Statements

Condition:

Internally prepared interim and year end financial statements are not prepared in accordance with generally accepted accounting principles.

Criteria:

Financial statements should be prepared in accordance with generally accepted accounting principles.

Effect:

Internal financial statements for use by the management and board do not reflect the financial position of The Food Bank in accordance with generally accepted accounting principles.

Cause:

Entries necessary for financial statements to be presented in accordance with generally accepted accounting principles are not being posted. Specifically entries related to the following items are not being recorded: equipment and accumulated depreciation, unpaid compensated absences and accrued payroll, note balances, pledges receivable, accounts receivable – other, grant receivable, allowance for doubtful accounts and net assets.

Recommendation:

The Food Bank should prepare the entries necessary for compliance with generally accepted accounting principles.

Response:

See Management's Corrective Action Plan for their response.

2013-02 Subsidiary Ledgers

Condition:

Preparation and reconciliation of subsidiary ledgers to the trial balance is not being done in a timely manner.

The Food Bank of Central Louisiana
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2013

Criteria:

The Food Bank should be maintaining strong internal controls that ensure proper financial reporting.

Effect:

Financial information provided to the users is incorrect and there is greater risk for assets to be stolen or misappropriated.

Cause:

Specifically subsidiary ledgers related to the following items are not being prepared and reconciled: pledges receivable, inventory, bank reconciliations and grant tracking.

Recommendation:

Subsidiary ledgers should be prepared and reconciled to the trial balance at least quarterly.

Response:

See Management's Corrective Action Plan for their response.

The Food Bank of Central Louisiana
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2013

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

DEPARTMENT OF AGRICULTURE

Passed through the State of Louisiana

2013-03 State Sub-Recipient Approval

Condition:

All sub-recipients were not on the application submitted to the state.

Criteria:

The Food Bank is required to update list of sub-recipients with the state on an annual basis.

Effect:

The Food Bank is not in compliance with grant requirements.

Cause:

An updated listing of sub-recipients is not being maintained.

Recommendation:

The Food Bank should adhere to regulations regarding maintaining and updating sub-recipient lists.

Response:

See Management's Corrective Action Plan for their response.

2013-04 Physical Inventory Procedures

Condition:

Procedures for taking and updating inventory are not being performed in such a way to ensure a complete and accurate count.

Criteria:

The Food Bank should be maintaining strong internal controls that ensure proper financial reporting and asset management.

The Food Bank of Central Louisiana
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2013

Effect:

Improper reporting and distribution could occur as well as an increased risk that assets could be stolen or misappropriated.

Cause:

The physical inventory procedures are designed effectively but are not being followed.

Recommendation:

Follow the written inventory procedures.

Response:

See Management's Corrective Action Plan for their response.

The Food Bank of Central Louisiana
Management's Corrective Action Plan
For the Year Ended June 30, 2013

2013-01 Preparation of Financial Statements

Recommendation:

The Food Bank should prepare the entries necessary for compliance with generally accepted accounting principles.

Response:

Management is working with Food Bank staff in the development of processes and an improved system of controls that will ensure that the necessary entries are completed during the preparation of the financial statements to ensure compliance with generally accepted accounting principles.

Implementation Date:

December 1, 2013

Contact:

Jayne Wright-Velez, Executive Director, (318) 445-2773

2013-02 Subsidiary Ledgers

Recommendation:

Subsidiary ledgers should be prepared and reconciled to the trial balance at least quarterly.

Response:

Due to some key staff turnover during the past year, the quarterly reconciliation of some subsidiary ledgers did not occur. The staffing has now been stabilized and all of these subsidiary ledgers have been reconciled. Management will ensure that the subsidiary ledgers are prepared and reconciled monthly.

Implementation Date:

October 18, 2013

Contact:

Jayne Wright-Velez, Executive Director (318) 445-2773

2013-03 State Sub-Recipient Approval

Recommendation:

The Food Bank of Central Louisiana
Management's Corrective Action Plan
For the Year Ended June 30, 2013

The Food Bank should adhere to regulations regarding maintaining and updating sub-recipient lists.

Response:

Management will ensure that the list provided to the Louisiana Department of Agriculture & Forestry, Food Distribution Division is updated quarterly.

Implementation Date:

January 1, 2014

Contact:

Jayne Wright-Velez, Executive Director (318) 445-2773

2012-04 Physical Inventory Procedures

Recommendation:

Follow the written inventory procedures.

Response:

Management will ensure that the written inventory procedures are followed.

Implementation Date:

January 1, 2014

Contact:

Jayne Wright-Velez, Executive Director (318) 445-2773

The Food Bank of Central Louisiana
Summary of Prior Audit Findings
For the Year Ended June 30, 2013

A. Findings – Financial Statement Audit

2012-01 Preparation of Financial Statements

Condition:

Internally prepared interim and year end financial statements are not prepared in accordance with generally accepted accounting principles.

Current Year Condition:

See current year finding 2013-01.

2012-02 State Sub-Recipient Approval

Condition:

All sub-recipients were not on the application submitted to the state.

Current Year Condition:

See current year finding 2013-03.

2012-03 Required Report Not Filed Timely

Condition:

Required monthly reporting to the Louisiana Department of Agriculture and Forestry is not being filed timely.

Current Year Condition:

This finding has been resolved.

2012-04 Incomplete Sub-recipient Testing

Condition:

All sub-recipients receiving USDA commodities did not undergo an annual review.

Current Year Condition:

This finding has been resolved.

The Food Bank of Central Louisiana
Summary of Prior Audit Findings
For the Year Ended June 30, 2013

2012-05 Payroll Liability Payments

Condition:

Payroll liabilities were not paid by the due date.

Current Year Condition:

This finding has been resolved.