

FOOD BANK OF COVINGTON, LA, INC.

**Financial Statements as of December 31, 2014
and for the Year Then Ended
and Independent Auditor's Report**

FOOD BANK OF COVINGTON, LA, INC.

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REPORT



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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of Food Bank of Covington, LA, Inc. (the Organization), a Louisiana not-for-profit corporation, which comprises the statement of financial position as of December 31, 2014, and the related statements of activities and change 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, 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 risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider 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.

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, 2014, 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.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Organization's financial statements. The schedule of compensation, benefits, and other payments to agency head is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of compensation, benefits, and other payments to agency head is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of compensation, benefits and other payments to agency head is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Carr, Riggs & Ingram, LLC

May 15, 2015



FINANCIAL STATEMENTS

**FOOD BANK OF COVINGTON, LA, INC.
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2014**

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 275,525
Certificates of deposit	1,154,062
Inventory	65,868
Other assets	107,749
	1,603,204
Total current assets	1,603,204

PROPERTY AND EQUIPMENT

Building	442,358
Dental equipment	111,742
Vehicles	9,402
Equipment	53,767
	617,269

Less: accumulated depreciation	(271,135)
	346,134

Total property and equipment, net	346,134
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LAND	141,651
	141,651

TOTAL ASSETS	\$ 2,090,989
	2,090,989

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accrued expenses	\$ 18,805
	18,805

Total current liabilities	18,805
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NET ASSETS

Unrestricted	2,072,184
Temporarily restricted	-
	2,072,184

Total net assets	2,072,184
	2,072,184

COMMITMENTS AND CONTINGENCIES (NOTES C AND D)	-
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TOTAL LIABILITIES AND NET ASSETS	\$ 2,090,989
	2,090,989

See accompanying independent auditor's 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, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES AND OTHER SUPPORT			
Food Bank income	\$ 537,932	\$ -	\$ 537,932
Thrift Store income	182,375	-	182,375
Dental Clinic income	216,766	-	216,766
Dental Clinic grant	109,470	-	109,470
Vincentian Center income	6,740	-	6,740
Fundraising income	164,357	-	164,357
In kind donations	695,185	-	695,185
Other income	10,928	-	10,928
	<hr/>	<hr/>	<hr/>
Total revenues and other support	1,923,753	-	1,923,753
EXPENSES			
Advertising	895	-	895
Assistance	15,039	-	15,039
Building renovations	8,458	-	8,458
Depreciation	32,730	-	32,730
Facilities and equipment	1,054	-	1,054
Food	212,636	-	212,636
Fundraising	32,003	-	32,003
In kind donations	695,185	-	695,185
Insurance	46,247	-	46,247
Loss on disposal of equipment	3,107	-	3,107
Maintenance	12,867	-	12,867
Miscellaneous	5,708	-	5,708
Operating expenses	58,786	-	58,786
Payroll taxes	40,065	-	40,065
Professional fees	15,117	-	15,117
Salaries	479,181	-	479,181
Supplies	53,540	-	53,540
Utilities	29,165	-	29,165
	<hr/>	<hr/>	<hr/>
Total expenses	1,741,783	-	1,741,783
CHANGE IN NET ASSETS	181,970	-	181,970
NET ASSETS – Beginning of year	1,890,214	-	1,890,214
	<hr/>	<hr/>	<hr/>
NET ASSETS – End of year	\$ 2,072,184	\$ -	\$ 2,072,184
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

See accompanying independent auditor's report and notes to financial statements.

FOOD BANK OF COVINGTON, LA, INC.
STATEMENT OF REVENUES, OTHER SUPPORT AND EXPENSES BY PROGRAM AND SUPPORTING SERVICES
FOR THE YEAR ENDED DECEMBER 31, 2014

	Program Services					Supporting Services				Total
	Food Bank	Thrift Store	Dental Clinic	Vincentian Center	Program Total	General and Administrative	Fundraising	Support Total		
Unrestricted revenues and other support										
Contributions	\$ 537,932	\$ 2,358	\$ 326,236	\$ 6,740	\$ 873,266	\$ -	\$ -	\$ -	\$ 873,266	
Sales	-	180,017	-	-	180,017	-	-	-	180,017	
Fundraising	-	-	-	-	-	-	164,357	164,357	164,357	
In kind donations	684,532	-	10,653	-	695,185	-	-	-	695,185	
Other income	-	-	-	-	-	10,928	-	10,928	10,928	
Total unrestricted revenues and other support	1,222,464	182,375	336,889	6,740	1,748,468	10,928	164,357	175,285	1,923,753	
Temporarily restricted revenues and other support	-	-	-	-	-	-	-	-	-	
Total revenues and other support	1,222,464	182,375	336,889	6,740	1,748,468	10,928	164,357	175,285	1,923,753	
Expenses										
Advertising	895	-	-	-	895	-	-	-	895	
Assistance	-	-	-	15,039	15,039	-	-	-	15,039	
Building renovations	-	-	-	-	-	8,458	-	8,458	8,458	
Depreciation	-	-	-	-	-	32,730	-	32,730	32,730	
Facilities and equipment	1,054	-	-	-	1,054	-	-	-	1,054	
Food	212,636	-	-	-	212,636	-	-	-	212,636	
Fundraising	-	-	-	-	-	-	32,003	32,003	32,003	
In kind donations	684,532	-	10,653	-	695,185	-	-	-	695,185	
Insurance	25,235	3,451	17,561	-	46,247	-	-	-	46,247	
Loss on disposal of equipment	-	-	-	-	-	3,107	-	-	3,107	
Maintenance	12,867	-	-	-	12,867	-	-	-	12,867	
Miscellaneous	4,105	342	999	262	5,708	-	-	-	5,708	
Operating expenses	25,461	19,550	12,104	-	57,115	1,671	-	1,671	58,786	
Payroll taxes	16,932	8,060	15,073	-	40,065	-	-	-	40,065	
Professional fees	-	-	-	-	-	15,117	-	15,117	15,117	
Salaries	219,346	87,442	172,393	-	479,181	-	-	-	479,181	
Supplies	11,107	2,549	39,884	-	53,540	-	-	-	53,540	
Utilities	13,044	6,642	9,479	-	29,165	-	-	-	29,165	
Total expenses	1,227,214	128,036	278,146	15,301	1,648,697	61,083	32,003	89,979	1,741,783	
Change in net assets	\$ (4,750)	\$ 54,339	\$ 58,743	\$ (8,561)	\$ 99,771	\$ (50,155)	\$ 132,354	\$ 85,306	\$ 181,970	

See accompanying independent auditor's report and notes to financial statements.

**FOOD BANK OF COVINGTON, LA, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014**

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 181,970
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	32,730
Loss on disposal of equipment	3,107
Change in operating assets and liabilities:	
Inventory	(26,681)
Other assets	(6,991)
Accounts payable	(1,258)
Accrued expenses	<u>2,655</u>
Net cash provided by operating activities	185,532
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of certificates of deposit	(79,252)
Purchases of property and equipment	(38,645)
Net cash used in investing activities	<u>(117,897)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	67,635
CASH AND CASH EQUIVALENTS – Beginning of year	<u>207,890</u>
CASH AND CASH EQUIVALENTS – End of year	<u><u>\$ 275,525</u></u>

See accompanying independent auditor's report and notes to financial statements.

FOOD BANK OF COVINGTON, LA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

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 Vincentian Center 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, 2014.

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 statement 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.

Statement 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 statement of revenues, other support and expenses by program and supporting

FOOD BANK OF COVINGTON, LA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

services. Accordingly, certain revenues and costs have been allocated among the programs and supporting services benefited based on actual amounts or management's best estimate. Restricted revenues and other support received during the year whose restriction is met within the year are recorded as unrestricted revenues and other support on the statement of activities and changes in net assets.

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 year ended December 31, 2014 was \$32,730.

Donated Assets and Services – The Organization records noncash donations, except for food donations (see inventory policy below), 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. In-kind contributions consisting of both time and resources for the year ended December 31, 2014 was \$695,185.

Inventory – Inventory is comprised of donated food and purchased food. 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 year ended December 31, 2014 was \$0.90 per pound.

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, 2014 consisted of cash surrender value of life insurance and prepaid insurance. Cash surrender value of life insurance of \$99,267 is carried at fair value. The Organization is the owner and beneficiary on the life insurance, which covers one of its former Executive Directors. The remaining \$8,482 of other assets is prepaid insurance.

FOOD BANK OF COVINGTON, LA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

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 for used clothing and home goods, 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 used clothing and home goods are not valued nor is an inventory of items used for financial reporting.

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 believes there are no uncertain tax positions included in the financial statements. As of December 31, 2014, the following tax years were open for review by the Internal Revenue Service: fiscal years ended December 31, 2013, 2012, and 2011. The December 31, 2014 fiscal year end has not yet been submitted.

Advertising Costs – The Organization expenses advertising costs as incurred. Advertising expense charged to operations for the year ended December 31, 2014 was \$895.

Uncompensated Absences – The Organization allows regular full-time employees with a minimum of six months or (180) days employment, to receive compensated absences. Employees are eligible to carry-over to the following year up to 2 weeks of unused compensated absences. As of December 31, 2014, uncompensated absences were \$8,819 and are included in the accrued expenses in the statement of financial position.

NOTE B – CERTIFICATES OF DEPOSIT

Certificates of deposit with a face value totaling \$1,154,062 at December 31, 2014 were held by the Organization and restricted by the board. The board has designated three separate accounts as follows: operating reserves totaling \$370,383, building reserves totaling \$407,967 and unrestricted reserves totaling \$375,712. These certificates bore interest rates ranging from 0.30% to 0.45% as of December 31, 2014 and mature in 2015.

NOTE C – CONCENTRATIONS OF CREDIT RISK

The Organization maintains cash balances and certificates of deposit at financial institutions located in Louisiana. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 as of December 31, 2014. The Organization’s uninsured cash balances, including certificates of deposit, totaled \$3,696 as of December 31, 2014. The Organization has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk to cash.

FOOD BANK OF COVINGTON, LA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE D – LEASES

Effective June 1, 2012, the Organization entered into a six year operating lease agreement for the Thrift Store located in Covington, Louisiana next to the Food Bank. The lease will expire on May 31, 2018. For the year ended December 31, 2014, rent expense was \$12,000 and is included in Thrift Store operating expenses on the statement of activities and changes in net assets. Minimum future obligations on this lease as of December 31, 2014 are as follows:

<u>Year ending December 31</u>	<u>Total</u>
2015	\$ 12,000
2016	12,000
2017	12,000
2018	<u>5,000</u>
	<u>\$ 41,000</u>

NOTE E – SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date that the financial statements were available to be issued, April 17, 2015, 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.

**FOOD BANK OF COVINGTON, LA, INC.
SCHEDULE OF COMPENSATION, BENEFITS,
AND OTHER PAYMENTS TO AGENCY HEAD**

Agency Head Name: Terri Turner-Marse

Purpose	Amount
Salary	\$ 54,558
Bonus	5,000
Benefits-insurance	-
Benefits-retirement	-
Uniforms	-
Per diem	-
Reimbursements	824.00
Travel	-
Fuel usage	-
Conference travel	-
Continuing professional education fees	1,000.00
Housing	-
Unvouchered expenses	-
Special meals	-
Total	\$ 60,382