

**Northwest Louisiana Food Bank**  
**Financial Statements With Auditors' Report**  
**As of and for the Years Ended June 30, 2018 and 2017**

Northwest Louisiana Food Bank

Table of Contents

	<u>Page No.</u>
<b>Independent Auditors' Report</b>	1 – 2
<b>Financial Statements</b>	
Statements of Financial Position	3
Statements of Activities	4
For the Year Ended June 30, 2018	5
For the Year Ended June 30, 2017	5
Statements of Functional Expenses	6
For the Year Ended June 30, 2018	7
For the Year Ended June 30, 2017	7
Statements of Cash Flows	8
Notes to Financial Statements	9 – 14
<b>Schedule of Expenditures of Federal Awards</b>	15
<b>Schedule of Compensation, Benefits, and Other Payments to Agency Head</b>	16
<b>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></b>	17 – 18
<b>Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance</b>	19 – 20
<b>Summary Schedule of Prior Audit Findings</b>	21
<b>Schedule of Findings and Questioned Costs</b>	21
<b>Schedule for Louisiana Legislative Auditor:</b>	
Schedule of Audit Findings	22

# COOK & MOREHART

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## Independent Auditors' Report

To the Board of Directors  
Northwest Louisiana Food Bank  
Shreveport, Louisiana

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Northwest Louisiana Food Bank (a nonprofit organization), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Northwest Louisiana Food Bank, as of June 30, 2018, and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

**Other Information**

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2018, on our consideration of Northwest Louisiana Food Bank's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Northwest Louisiana Food Bank's internal control over financial reporting and compliance.



Cook & Morehart  
Certified Public Accountants  
December 4, 2018

Northwest Louisiana Food Bank  
Statements of Financial Position  
June 30, 2018 and 2017

Assets

	2018	2017
<b>Current assets:</b>		
Cash and cash equivalents	\$ 2,013,923	\$ 1,305,108
Investments	735,721	1,298,094
Accounts receivable - grants	71,925	90,506
Accounts receivable - other	5,856	53,042
Prepaid expenses	6,337	6,737
Inventory - USDA	50,641	230,679
Inventory - Other	2,449,376	2,451,739
<b>Total current assets</b>	<b>5,333,779</b>	<b>5,435,905</b>
<b>Noncurrent assets:</b>		
Restricted cash	1,827,140	950,077
Depreciable property and equipment, net	959,921	1,075,479
Non-depreciable property and equipment	1,928,202	1,928,202
<b>Net property and equipment</b>	<b>4,715,263</b>	<b>3,953,758</b>
<b>Total Assets</b>	<b>\$ 10,049,042</b>	<b>\$ 9,389,663</b>
<b>Liabilities and Net Assets</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 86,509	\$ 77,603
Accrued liabilities	51,915	49,014
<b>Total current liabilities</b>	<b>138,424</b>	<b>126,617</b>
<b>Net assets:</b>		
<b>Unrestricted:</b>		
Operating	4,962,864	4,943,536
Fixed assets	2,888,123	3,003,681
<b>Total unrestricted net assets</b>	<b>7,850,987</b>	<b>7,947,217</b>
Temporarily restricted	2,059,631	1,315,829
<b>Total net assets</b>	<b>9,910,618</b>	<b>9,263,046</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 10,049,042</b>	<b>\$ 9,389,663</b>

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

Northwest Louisiana Food Bank  
Statement of Activities  
For the Year Ended June 30, 2018

	Unrestricted	Temporarily Restricted	Total
<b>Revenues and Other Support:</b>			
Annual campaign	\$ 477,455	\$	\$ 477,455
Donations - church, corporate, individuals	515,522		515,522
Miscellaneous grants	786,672	144,745	931,417
United Way	39,558		39,558
Shared maintenance	305,572		305,572
Adopt a senior program	27,115		27,115
Miscellaneous	155,804		155,804
Rent income	13,500		13,500
Interest income	15,770		15,770
Net investment loss	(3,473)		(3,473)
Donated food supplies	16,693,292		16,693,292
Capital campaign		881,839	881,839
Net assets released from restrictions:			
Satisfaction of restrictions	282,782	(282,782)	
<b>Total revenues and other support</b>	<b>19,309,569</b>	<b>743,802</b>	<b>20,053,371</b>
<b>Expenses:</b>			
Program services			
Food Bank	18,628,082		18,628,082
Supporting services			
Management and general	584,545		584,545
Fund Raising	193,172		193,172
<b>Total expenses</b>	<b>19,405,799</b>		<b>19,405,799</b>
Changes in net assets	(96,230)	743,802	647,572
Net assets, beginning of year	7,947,217	1,315,829	9,263,046
Net assets, end of year	<u>\$ 7,850,987</u>	<u>\$ 2,059,631</u>	<u>\$ 9,910,618</u>

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

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

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

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

Northwest Louisiana Food Bank  
Statement of Functional Expenses  
For the Year Ended June 30, 2018

	Program	Support Services		Total	Total
	Services	Management	Fund		
	Food				
	Bank	& General	Raising		
Expenses					
Accounting	\$	\$ 22,500	\$	\$ 22,500	\$ 22,500
Auto	83,977				83,977
Advertising			47,834	47,834	47,834
Computer expense	1,093	10,198	5,001	15,199	16,292
Depreciation	123,458	33,600		33,600	157,058
Dues & subscriptions	975	14,376	1,817	16,193	17,168
Food costs	17,700,218	702		702	17,700,920
Freight	189,987				189,987
Fringe	32,571	158,002	7,670	165,672	198,243
Insurance		67,453	18	67,471	67,471
Mileage	940	49		49	989
Newsletter			10,993	10,993	10,993
Office supplies	5,724	5,289	1,459	6,748	12,472
Postage	29	585	1,814	2,399	2,428
Repairs & maintenance	13,687	19,684		19,684	33,371
Salaries	410,896	202,560	102,465	305,025	715,921
Supplies	4,344				4,344
Telephone	4,983	6,143	690	6,833	11,816
Travel	11,222	2,821	1,393	4,214	15,436
Utilities	4,951	30,985		30,985	35,936
Waste disposal	1,004	3,438		3,438	4,442
Miscellaneous	38,023	6,160	12,018	18,178	56,201
<b>Total Expenses</b>	<b>\$ 18,628,082</b>	<b>\$ 584,545</b>	<b>\$ 193,172</b>	<b>\$ 777,717</b>	<b>\$ 19,405,799</b>

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



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

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

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

Northwest Louisiana Food Bank  
 Statements of Cash Flows  
 For the Years Ended June 30, 2018 and 2017

Operating Activities

	2018	2017
Change in net assets	\$ 647,572	\$ 2,354,181
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	157,058	139,220
Unrealized (gain) loss on investments	3,473	(5,398)
Realized (gain) loss on investments		(10,094)
Donation of stock	(20,076)	(89,206)
Donated truck	(5,000)	
(Increase) decrease in operating assets:		
Accounts receivable	65,767	(72,123)
Inventory - USDA	180,038	(122,910)
Inventory - other	2,363	(1,449,701)
Prepaid expenses	400	(2,557)
Increase (decrease) in operating liabilities:		
Accounts payable	8,906	784
Accrued liabilities	2,901	(12,986)
Net cash provided by operating activities	1,043,402	729,210

Investing Activities

Purchase of investments	(218,781)	(325,000)
Sale of investments	797,757	165,705
Payments for property and equipment	(36,500)	(90,186)
Net change in restricted cash	(877,063)	(733,296)
Net cash (used) in investing activities	(334,587)	(982,777)

Net increase (decrease) in cash 708,815 (253,567)

Cash and cash equivalents as of beginning of year 1,305,108 1,558,675

Cash and cash equivalents as of end of year \$ 2,013,923 \$ 1,305,108

Supplemental Cash flow Disclosures:

Noncash Investing Transactions:

Donated Truck	\$ 5,000	
Donated stock	\$ 20,076	\$ 89,206

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

Northwest Louisiana Food Bank  
Notes to Financial Statements  
June 30, 2018 and 2017

(1) Summary of Significant Accounting Policies

A. Nature of Activities

The Northwest Louisiana Food Bank (the Food Bank) was organized in Shreveport during 1996 for the purpose of distributing food and commodities to various group feeding centers and food pantries in the parishes of Caddo, Bossier, Red River, Webster, Desoto, Claiborne, and Bienville in North Louisiana.

The Organization receives United States Department of Agriculture (USDA) donated food commodities for use in feeding needy households under the Food Bank Program. The Organization assumes full responsibility for all matters pertinent to the receipt, handling, storage, protection, accountability, and use of donated food commodities. The Organization also receives funding for administrative costs to support product maintenance.

The Northwest Louisiana Food Bank is the regional certified affiliate of America's Second Harvest, a national food bank organization located in Chicago, Illinois that links over 200 affiliated food banks with donations from over 250 major donors.

The Organization relies heavily on community volunteers or individuals doing community services as a condition of probation. The Organization relies on food donations from Second Harvest and related affiliates as well as donations from the United States Department of Agriculture, churches, benevolent trusts, corporations, and United Way to fund the daily operations.

B. Basis of Accounting

The financial statements of the Food Bank have been prepared on the accrual basis of accounting.

C. Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards. Under those standards, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

D. Income Tax Status

The Food Bank is a tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code, and therefore, is not subject to income taxes. However, income from certain activities not directly related to the Food Bank's tax-exempt purpose is subject to taxation as unrelated business income. The Food Bank had no such income for this audit period. The Organization's Form 990, Return of Organization Exempt from Income Tax, for the years ended June 30, 2015, 2016, 2017, and 2018 are subject to examination by the IRS, generally three years after they were filed.

E. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses. Actual results could differ from those estimates.

(Continued)

Northwest Louisiana Food Bank  
Notes to Financial Statements  
June 30, 2018 and 2017  
(Continued)

F. Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Food Bank considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

G. Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful life of each asset. The Federal government has a reversionary interest in property purchased with federal funds. Its disposition as well as the ownership of any proceeds there from is subject to federal regulations. The Food Bank has adopted a policy to capitalize expenditures for property and equipment with a unit cost of \$5,000 or more.

H. Restricted and Unrestricted Revenue

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

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

I. Expense Allocation

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

J. Investments

Investments in equity securities with readily determinable fair values are reported at their fair value based on quoted market prices in the statement of financial position. Investments in certificates of deposit are reported at surrender value which approximates fair value. Realized and unrealized gains and losses are included in investment return, along with interest and dividends, in the statement of activities.

K. Fair Value Measurements

Generally accepted accounting principles establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities ("Level 1") and the lowest priority to unobservable inputs ("Level 3"). The three levels of the fair value hierarchy are described as follows:

Level 1: quoted prices (unadjusted) for identical assets or liabilities in active markets that the Organization has the ability to access as of the measurement date.

(Continued)

Northwest Louisiana Food Bank  
Notes to Financial Statements  
June 30, 2018 and 2017  
(Continued)

Level 2: significant other observable inputs than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

L. Promises to Give

Conditional promises to give are recognized when the conditions on which they depend are substantially met.

(2) Concentrations of Credit Risk

Financial instruments that potentially subject the Food Bank to concentrations of credit risk consist principally of temporary cash investments and accounts receivable. Concentrations of credit risk with respect to accounts receivable are limited due to the receivables being small in nature and from several different entities and amounts due from governmental agencies under contractual terms. The Food Bank maintains cash balances at financial institutions and a money market account held by an investment broker. The Federal Deposit Insurance Corporation (FDIC) insures accounts up to \$250,000 at financial institutions. Securities Investor Protection Corporation (SIPC) insures funds on deposit with the investment broker up to \$500,000. The Food Bank had uninsured cash balances of \$3,035,043 and \$1,997,505 at June 30, 2018 and 2017, respectively.

(3) Restricted Assets

Restricted assets at June 30, 2018 and 2017, consisted of cash restricted for building renovations in the amount of \$1,827,140 and \$950,077, respectively.

(4) Investments

Investments in equity securities are presented in the financial statements at fair value using level 1 fair value measures (quoted prices in active markets). Investments in certificates of deposits are recorded at cost as of the purchase date then subsequently adjusted to fair value as of the reporting date. The fair value of certificates of deposit is determined by using a discounted cash flow calculation that applies interest rates currently being offered for deposits of similar remaining maturities to a schedule of expected maturities on the certificates. This results in a level 2 fair value measurement. Investments as of June 30, 2018 and 2017 consisted of the following:

	2018		2017	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
Equities	\$ 52,579	\$ 32,111	\$ 56,052	\$ 32,111
Certificates of deposits	<u>683,142</u>	<u>683,142</u>	<u>1,242,042</u>	<u>1,242,042</u>
	<u>\$ 735,721</u>	<u>\$ 715,253</u>	<u>\$1,298,094</u>	<u>\$1,274,153</u>

(Continued)

Northwest Louisiana Food Bank  
Notes to Financial Statements  
June 30, 2018 and 2017  
(Continued)

For the year ended June 30, 2018, unrealized investment loss was \$3,473. For the year ended June 30, 2017, unrealized investment gain was \$5,398 and realized investment gain was \$10,094.

(5) Accounts Receivable – Grants

Various funding sources provide reimbursement of allowable costs under contracts or agreements. These balances represent amounts due from funding sources at June 30, 2018 and 2017, but received after those dates.

(6) Property and Equipment

Property and equipment consisted of the following at June 30, 2018 and 2017:

	Estimated Depreciable Life	2018	2017
Buildings and improvements	7–39 years	\$ 1,127,207	\$ 1,127,207
Furniture and equipment	5–10 years	495,649	495,649
Vehicles		784,195	799,174
Land		901,017	901,017
Idle assets		1,027,185	1,027,185
Accumulated depreciation		<u>(1,447,130)</u>	<u>(1,346,551)</u>
Net investment in property and equipment		<u>\$ 2,888,123</u>	<u>\$ 3,003,681</u>

Depreciation expense for the years ended June 30, 2018 and 2017 was \$157,058 and \$139,220, respectively.

(7) Accrued Liabilities

Accrued liabilities consisted of the following at June 30, 2018 and 2017:

	2018	2017
Accrued leave payable	\$ 7,488	\$ 7,488
Accrued payroll	13,828	13,828
Payroll taxes and other related benefits payable	30,599	27,698
	<u>\$ 51,915</u>	<u>\$ 49,014</u>

(8) Retirement Plan

The Food Bank provides for a Savings Incentive Match Plan for Employees of Small Employers (SIMPLE) under Section 408(p) of the Internal Revenue Code. The plan covers full-time employees of the Food Bank. The Food Bank contributes a matching contribution equal to the employee's contributions up to a limit of 3% of the employee's compensation for the calendar year. Employees may make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code if they wish. The amount contributed by the Food Bank to retirement plans on the employees behalf for the years ended June 30, 2018 and 2017, was \$11,074 and \$11,932, respectively.

(Continued)

Northwest Louisiana Food Bank  
Notes to Financial Statements  
June 30, 2018 and 2017  
(Continued)

(9) Inventory

Purchased inventory is carried at cost, while inventory acquired from the United States Department of Agriculture is valued at fair market value. Donated inventory is based on the average price per pound as determined by the National Office of Feeding America. This price was \$1.68 for 2018 and \$1.73 for 2017.

(10) Temporarily Restricted Net Assets

Temporarily restricted net assets at June 30, 2018 and 2017 are available for the following purposes:

	<u>2018</u>	<u>2017</u>
USDA commodities in inventory	\$ 50,641	\$ 230,679
Health food for healthy community	72,000	
Fleet management		3,439
Building renovations	1,827,140	950,077
Crop box	37,106	44,643
Food hub feasibility	13,170	
Equipment and equipment repairs	14,225	
SNAP program		1,502
Food purchase	45,349	85,489
	<u>\$ 2,059,631</u>	<u>\$ 1,315,829</u>

(11) Operating Leases

The Food Bank leases vehicles under operating leases. Rental costs for these leases for the years ended June 30, 2018 and 2017 were \$7,238 and \$7,203, respectively. Commitments under lease agreements having initial or remaining non-cancellable terms in excess of one year are as follows:

<u>For the Year Ending June 30,</u>	
2019	\$ 4,020
2020	<u>1,862</u>
Total minimum future rentals	<u>\$ 5,882</u>

(12) Concentrations and Dependence

The Food Bank entered into an agreement with the Louisiana Department of Agriculture and Forestry, Food Distribution Division, for the operation of a Food Distribution Program. The agreement is permanent, unless terminated by the Louisiana Department of Agriculture and Forestry for failing to comply with the provisions, instructions, or procedures outlined in the agreement. Under the terms of the agreement, commodities from the United States Department of Agriculture are passed through the Louisiana Department of Agriculture to the Food Bank for distribution. During the years ended June 30, 2018 and 2017, approximately 6% and 8%, respectively, of the total food donations received by the Food Bank were commodities from the Louisiana Department of Agriculture. During the years ended June 30, 2018 and 2017, approximately 47% and 57%, respectively, of the total shared maintenance received by the Food Bank was from the Louisiana Department of Agriculture.

During the years ended June 30, 2018 and 2017, the Food Bank received contractual revenue from federal, state, and local grants in the amount of \$711,538 and \$462,393, respectively. The continued existence of these funds is based on annual contract renewals with various funding sources.

(Continued)

Northwest Louisiana Food Bank  
Notes to Financial Statements  
June 30, 2018 and 2017  
(Continued)

(13) Conditional Promise to Give

During the year ended June 30, 2017, the Food Bank received a conditional promise to give in the amount of \$100,000 to be used for its future building renovation. Funds will be received upon donor's receipt of certificate of occupancy for the project.

(14) Designated Net Assets

The Board of Directors designated cash and cash equivalents at June 30, 2018 and 2017 totaling \$299,825 and \$299,825, respectively to provide for renovations to a new warehouse.

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

(15) Commitment

The Food Bank entered into a contract with an architect during May 2018 to provide architectural services to renovate a facility. The contract is based on six percent (6%) of the cost of work. The cost of work is estimated to be \$3,500,000. No construction contracts have been signed as of December 4, 2018. Construction is not expected to begin until 2019, and no expenses were incurred under this contract as of June 30, 2018.

(16) Subsequent Events

Subsequent events have been evaluated through December 4, 2018, the date the financial statements were available to be issued.



Northwest Louisiana Food Bank  
Shreveport, Louisiana  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2018

Federal Grantor / Pass-Through Grantor / Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Passed Through to Subrecipients	Expenditures
<u>U.S. Department of Homeland Security</u>				
Passed through a local governing board Emergency Food and Shelter Program	97.024	Unknown	\$	\$ 28,942
<u>U.S. Department of Agriculture and Forestry</u>				
Passed through the Louisiana Department of Agriculture and Forestry				
Food Distribution Cluster				
Emergency Food Assistance Program				
Food Commodities	10.569	Unknown	1,263,037	1,275,609
Administrative Costs	10.568	Unknown	<u>1,263,037</u>	<u>142,225</u>
Total Food Distribution Cluster				<u>1,417,834</u>
Passed through the Louisiana Department of Education				
Child and Adult Care Food Program	10.558	Unknown		487,285
Summer Food Service Program	10.559	Unknown		<u>110,312</u>
Total Expenditures of Federal Awards			\$ 1,263,037	\$ 2,044,373

NOTE 1: The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Northwest Louisiana Food Bank, under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Northwest Louisiana Food Bank, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Northwest Louisiana Food Bank.

NOTE 2: Northwest Louisiana Food Bank does not utilize an indirect cost rate.

NOTE 3: Nonmonetary assistance is reported in the schedule at the fair value of the commodities received and distributed. At June 30, 2018, the Food Bank had USDA Food Commodities in inventory totaling \$50,641.

Northwest Louisiana Food Bank  
Shreveport, Louisiana  
Schedule of Compensation, Benefits, and Other Payments to Agency Head  
For the Year Ended June 30, 2018

Agency Head: Martha Marak, Executive Director

The following payments were made from public funds:

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

# COOK & MOREHART

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J. PRESTON DELAUNE, CPA

Report on Internal Control Over Financial Reporting and on Compliance  
And Other Matters Based on an Audit of Financial Statements Performed  
in Accordance With Government Auditing Standards

Independent Auditors' Report

To the Board of Directors  
Northwest Louisiana Food Bank

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Northwest Louisiana Food Bank, (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, 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 December 4, 2018.

### **Internal Control Over Financial Reporting**

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

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

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

## Compliance and Other Matters

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

## Purpose of this Report

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



Cook & Morehart  
Certified Public Accountants  
December 4, 2018

# COOK & MOREHART

*Certified Public Accountants*

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## Report on Compliance for Each Major Program and on Internal Control Over Compliance Required By the Uniform Guidance

### Independent Auditors' Report

To the Board of Directors  
Northwest Louisiana Food Bank

#### **Report on Compliance for Each Major Federal Program**

We have audited Northwest Louisiana Food Bank's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Northwest Louisiana Food Bank's major federal programs for the year ended June 30, 2018. Northwest Louisiana Food Bank's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### ***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

#### ***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of Northwest Louisiana Food Bank, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Northwest Louisiana Food Bank, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### ***Opinion on Each Major Federal Program***

In our opinion, Northwest Louisiana Food Bank complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

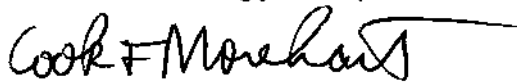
### **Report on Internal Control Over Compliance**

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

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

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

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



Cook & Morehart  
Certified Public Accountants  
December 4, 2018

Northwest Louisiana Food Bank  
Shreveport, Louisiana  
Summary Schedule of Prior Audit Findings  
June 30, 2018

There were no findings or questioned costs for the audit for the year ended June 30, 2017.

Schedule of Findings and Questioned Costs  
June 30, 2018

**A. Summary of Audit Results**

Financial Statements

Type of audit report issued : Unmodified

Internal control over financial reporting :

Material weaknesses identified :	_____	yes	<u>  v  </u>	no
Significant deficiencies identified :	_____	yes	<u>  v  </u>	none reported

Noncompliance material to financial statements noted :

_____	yes	<u>  v  </u>	no
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Federal Awards

Internal control over major programs :

Material weaknesses identified :	_____	yes	<u>  v  </u>	no
Significant deficiencies identified :	_____	yes	<u>  v  </u>	none reported

Type of auditors' report issued on compliance for major federal programs : Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)

_____	yes	<u>  v  </u>	no
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Identification of major federal programs :

Emergency Food Assistance Program Cluster - CFDA #10.569 and 10.568

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

Auditee qualified as low risk :	<u>  v  </u>	yes	_____	no
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**B. Findings – Financial Statements Audit: None**

**C. Findings and Questioned Costs – Major Federal Award Programs Audit: None**

Northwest Louisiana Food Bank  
Shreveport, Louisiana  
Schedule of Audit Findings For Louisiana Legislative Auditor  
June 30, 2018

There were no findings for the prior audit period for the year ended June 30, 2017.

There are no findings for the current audit period for the year ended June 30, 2018.