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**THE GREATER BATON ROUGE FOOD BANK**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2002**

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Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 8/13/03



**THE GREATER BATON ROUGE FOOD BANK**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2002**



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**INDEPENDENT AUDITORS' REPORT**

The Board of Directors  
The Greater Baton Rouge Food Bank  
Baton Rouge, Louisiana

We have audited the accompanying statements of financial position of The Greater Baton Rouge Food Bank (a not-for-profit organization) as of December 31, 2002 and 2001, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of The Greater Baton Rouge Food Bank's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above, present fairly, in all material respects, the financial position of The Greater Baton Rouge Food Bank as of December 31, 2002 and 2001, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 2, 2003, on our consideration of The Greater Baton Rouge Food Bank's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

A handwritten signature in cursive script, appearing to read 'Postlethwaite &amp; Netterville'.

Baton Rouge, Louisiana  
June 2, 2003

**THE GREATER BATON ROUGE FOOD BANK**  
**(A NOT-FOR-PROFIT ORGANIZATION)**  
**BATON ROUGE, LOUISIANA**

**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2002 AND 2001**

**ASSETS**

	2002	2001
<b><u>CURRENT ASSETS</u></b>		
Cash and cash equivalents	\$ 925,121	\$ 701,640
Accounts receivable	17,798	16,507
Unconditional promises to give, less allowances for uncollectible accounts of \$100 and \$436, respectively	4,650	20,285
Prepaid expenses	949	949
Food inventory - donated and purchased	421,812	204,871
Food inventory - commodities	147,037	230,183
Other current assets	-	7,151
Total current assets	1,517,367	1,181,586
<b><u>PROPERTY AND EQUIPMENT</u></b>		
Land	60,000	60,000
Building and building improvements	397,361	396,668
Vehicles	135,951	100,701
Furniture, fixtures, and equipment	208,647	200,988
	801,959	758,357
Less: Accumulated depreciation	(332,049)	(236,303)
	469,910	522,054
<b><u>OTHER ASSETS</u></b>		
Assets limited as to use	297,636	332,925
Investments	200,000	-
	497,636	332,925
Total assets	\$ 2,484,913	\$ 2,036,565

The accompanying notes are an integral part of these statements.



## LIABILITIES AND NET ASSETS

	<u>2002</u>	<u>2001</u>
<b><u>CURRENT LIABILITIES</u></b>		
Accounts payable	\$ 19,145	\$ 10,504
Capital lease - current portion	-	2,442
Accrued expenses and other liabilities	1,888	3,600
Total current liabilities	<u>21,033</u>	<u>16,546</u>
 <b><u>LONG-TERM LIABILITIES</u></b>		
Capital lease - less current portion	<u>-</u>	<u>1,541</u>
 Total liabilities	 <u>21,033</u>	 <u>18,087</u>
 <b><u>NET ASSETS</u></b>		
Unrestricted	1,609,498	1,396,586
Temporarily restricted	558,356	336,330
Permanently restricted	296,026	285,562
Total net assets	<u>2,463,880</u>	<u>2,018,478</u>
 Total liabilities and net assets	 <u>\$ 2,484,913</u>	 <u>\$ 2,036,565</u>



**THE GREATER BATON ROUGE FOOD BANK**  
**(A NOT-FOR-PROFIT ORGANIZATION)**  
**BATON ROUGE, LOUISIANA**

**STATEMENTS OF ACTIVITIES**  
**YEARS ENDED DECEMBER 31, 2002 AND 2001**

	2002			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b><u>REVENUES AND OTHER SUPPORT</u></b>				
Contributions	\$ 149,084	\$ 33,872	\$ 10,464	\$ 193,420
Capital campaign	-	284,527	-	284,527
United Way	180,000	-	-	180,000
Special events	49,412	-	-	49,412
FEMA	-	53,698	-	53,698
Donated assets	28,000	-	-	28,000
Grant revenues	8,292	45,877	-	54,169
Local government support	26,420	-	-	26,420
State government support	150,000	-	-	150,000
USDA commodities reimbursements	308,558	-	-	308,558
Investment income	(28,486)	-	-	(28,486)
Food donations received	5,785,920	-	-	5,785,920
Commodities received	1,842,547	-	-	1,842,547
Other	14,571	-	-	14,571
Total revenues	<u>8,514,318</u>	<u>417,974</u>	<u>10,464</u>	<u>8,942,756</u>
Net assets released from restrictions				
Satisfaction of purpose of restrictions	195,948	(195,948)	-	-
Total revenues	<u>8,710,266</u>	<u>222,026</u>	<u>10,464</u>	<u>8,942,756</u>
<b><u>EXPENSES</u></b>				
Program	8,275,286	-	-	8,275,286
Administration	93,491	-	-	93,491
Fund-raising	128,577	-	-	128,577
Total expenses	<u>8,497,354</u>	<u>-</u>	<u>-</u>	<u>8,497,354</u>
<b><u>CHANGE IN NET ASSETS</u></b>	212,912	222,026	10,464	445,402
Net assets at beginning of year	<u>1,396,586</u>	<u>336,330</u>	<u>285,562</u>	<u>2,018,478</u>
Net assets, end of period	<u>\$ 1,609,498</u>	<u>\$ 558,356</u>	<u>\$ 296,026</u>	<u>\$ 2,463,880</u>

The accompanying notes are an integral part of these statements.



2001

Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$ 161,629	\$ 29,754	\$ 19,558	\$ 210,941
-	236,930	-	236,930
183,389	-	-	183,389
69,277	-	-	69,277
-	28,173	-	28,173
78,578	-	-	78,578
13,768	90,258	-	104,026
29,430	-	-	29,430
100,000	-	-	100,000
218,763	-	-	218,763
(6,437)	-	-	(6,437)
4,884,872	-	-	4,884,872
804,230	-	-	804,230
3,066	-	-	3,066
<u>6,540,565</u>	<u>385,115</u>	<u>19,558</u>	<u>6,945,238</u>
223,448	(223,448)	-	-
<u>6,764,013</u>	<u>161,667</u>	<u>19,558</u>	<u>6,945,238</u>
6,585,993	-	-	6,585,993
88,834	-	-	88,834
105,763	-	-	105,763
<u>6,780,590</u>	<u>-</u>	<u>-</u>	<u>6,780,590</u>
(16,577)	161,667	19,558	164,648
<u>1,413,163</u>	<u>174,663</u>	<u>266,004</u>	<u>1,853,830</u>
<u>\$ 1,396,586</u>	<u>\$ 336,330</u>	<u>\$ 285,562</u>	<u>\$ 2,018,478</u>





**THE GREATER BATON ROUGE FOOD BANK**  
**(A NOT-FOR-PROFIT ORGANIZATION)**  
**BATON ROUGE, LOUISIANA**

**STATEMENTS OF FUNCTIONAL EXPENSES**  
**YEARS ENDED DECEMBER 31, 2002 AND 2001**

	2002			Total
	Program	Administration	Fundraising	
Accounting and professional fees	\$ -	\$ 5,500	\$ -	\$ 5,500
Advertising	15,413	-	-	15,413
Bad debt expense	100	-	-	100
Cold storage	24,821	-	-	24,821
Conferences	-	16,018	-	16,018
Depreciation	95,746	-	-	95,746
Distribution of commodities	1,925,693	-	-	1,925,693
Distribution of donated food	5,624,002	-	-	5,624,002
Dues	7,188	-	-	7,188
Fuel and mileage	11,720	-	-	11,720
Insurance	78,180	-	-	78,180
Interest expense	290	-	-	290
Investment fees and expenses	5,948	-	-	5,948
Repairs and maintenance	36,527	-	-	36,527
Miscellaneous expense	56,088	-	-	56,088
Payroll taxes	23,516	5,009	6,082	34,607
Postage	-	-	19,293	19,293
Printing and publication	-	-	22,733	22,733
Project gumbo	3,558	-	-	3,558
Retirement	5,940	1,493	960	8,393
Salaries	288,910	65,471	79,509	433,890
Supplies	9,221	-	-	9,221
Telephone	5,832	-	-	5,832
Training	570	-	-	570
Transportation	23,189	-	-	23,189
Utilities	16,868	-	-	16,868
Volunteer program	8,939	-	-	8,939
Waste disposal	7,027	-	-	7,027
	<u>\$ 8,275,286</u>	<u>\$ 93,491</u>	<u>\$ 128,577</u>	<u>\$ 8,497,354</u>

The accompanying notes are an integral part of these statements.



2001

<u>Program</u>	<u>Administration</u>	<u>Fundraising</u>	<u>Total</u>
\$ -	\$ 11,628	\$ -	\$ 11,628
11,228	-	-	11,228
436	-	-	436
13,491	-	-	13,491
-	12,101	-	12,101
75,281	-	-	75,281
952,185	-	-	952,185
5,069,091	-	-	5,069,091
3,051	-	-	3,051
10,395	-	-	10,395
48,228	-	-	48,228
520	-	-	520
6,101	-	-	6,101
16,177	-	-	16,177
17,832	-	-	17,832
19,587	4,531	4,516	28,634
-	-	20,566	20,566
-	-	20,726	20,726
4,259	-	-	4,259
13,497	1,348	917	15,762
246,651	59,226	59,038	364,915
9,943	-	-	9,943
6,420	-	-	6,420
2,388	-	-	2,388
24,019	-	-	24,019
20,280	-	-	20,280
7,645	-	-	7,645
7,288	-	-	7,288
<u>\$ 6,585,993</u>	<u>\$ 88,834</u>	<u>\$ 105,763</u>	<u>\$ 6,780,590</u>



**THE GREATER BATON ROUGE FOOD BANK**  
**(A NOT-FOR-PROFIT ORGANIZATION)**  
**BATON ROUGE, LOUISIANA**

**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2002 AND 2001**

	<u>2002</u>	<u>2001</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Change in net assets	\$ 445,402	\$ 164,648
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	95,746	75,281
Depreciation of investments	48,706	28,443
Donated assets	(5,813,920)	(4,963,451)
Net change in:		
Accounts receivable	(1,291)	(3,019)
Unconditional promises to give	15,635	69,852
Prepaid expenses	-	31
Food inventory	5,568,979	5,007,987
Commodities inventory	83,146	147,955
Other current assets	7,151	(7,151)
Accounts payable	8,641	5,774
Accrued expenses and other liabilities	(1,711)	592
Net cash provided by operating activities	<u>456,484</u>	<u>526,942</u>
 <b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Expenditures for property and equipment	(15,602)	(99,605)
Purchase of investments	(213,418)	(23,577)
Net cash used in investing activities	<u>(229,020)</u>	<u>(123,182)</u>
 <b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>		
Principal payments on capital leases	(3,983)	(2,211)
Net cash used in financing activities	<u>(3,983)</u>	<u>(2,211)</u>
 Net increase in cash and cash equivalents	223,481	401,549
 Cash and cash equivalents at beginning of year	<u>701,640</u>	<u>300,091</u>
 Cash and cash equivalents at end of year	<u>\$ 925,121</u>	<u>\$ 701,640</u>
 <b><u>Supplemental disclosure of non-cash investing and financing activities:</u></b>		
Interest portion of lease obligation	<u>\$ 290</u>	<u>\$ 520</u>

The accompanying notes are an integral part of these statements.



**THE GREATER BATON ROUGE FOOD BANK**  
**(A NOT-FOR-PROFIT ORGANIZATION)**  
**BATON ROUGE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities**

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

**Basis of Presentation**

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Food Bank 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.

**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.

**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 20 years.

**Revenue Recognition and Promises to Give**

Contributions are recognized when the donor makes a promise to give to the Food Bank that is, in substance, unconditional. Contributions which are restricted by the donor are reported as increases in unrestricted net assets if the restriction expires in the same year in which the contributions are recognized. All other 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. The amount shown as unconditional promises to give in the accompanying statements of financial position is scheduled to be collected in 2003.



**THE GREATER BATON ROUGE FOOD BANK**  
**(A NOT-FOR-PROFIT ORGANIZATION)**  
**BATON ROUGE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Income Taxes**

The Organization 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 the National Food Bank, *America's Second Harvest*. Donated food inventory received is recorded as unrestricted revenue at an amount equal to the determined value as per the aforementioned guidelines.

**Food Inventory - 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 unrestricted revenue at an amount equal to the determined value as per the aforementioned guidelines.

**Investments**

Investments are carried at fair value. The change in fair value is recognized as a component of investment income. Accrued interest on investments is recognized as a component of accounts receivable.

**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.

At various times during the fiscal year, the Food Bank's cash in bank balances exceeded the Federally insured limits. At December 31, 2002, the Food Bank's uninsured cash balances totaled approximately \$862,000.

**Accounts Receivable**

The Organization provides credit, in the normal course of business, to customers located throughout the United States of America. The Organization generally does not require collateral with the extension of credit. The Organization maintains an allowance for doubtful accounts based on management's assessment of collectibility, current economic conditions, and prior experience.



**THE GREATER BATON ROUGE FOOD BANK**  
**(A NOT-FOR-PROFIT ORGANIZATION)**  
**BATON ROUGE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Accounts Receivable (continued)**

The Organization determines past-due accounts based on contractual terms and does not charge interest on the accounts. The Organization charges off receivables if management considers the collection of the outstanding balance to be doubtful.

**2. TEMPORARILY RESTRICTED NET ASSETS**

Net assets were temporarily restricted for the following purposes at December 31:

	2002	2001
Warehouse	\$ 4,252	\$ 1,285
Truck purchase	-	11,713
Retirement	-	8,356
Initiatives	5,870	28,649
Miscellaneous	23,906	37,047
Cooler/freezer purchase	10,121	12,350
Capital Campaign	514,207	236,930
	\$ 558,356	\$ 336,330

**3. PERMANENTLY RESTRICTED NET ASSETS**

Net assets were permanently restricted for the following purposes at December 31:

	2002	2001
Endowment Fund; (principal unexpendable; interest can be used for general mission statement of Food Bank)	\$ 296,026	\$ 285,562



**THE GREATER BATON ROUGE FOOD BANK**  
**(A NOT-FOR-PROFIT ORGANIZATION)**  
**BATON ROUGE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

**4. DONATED FOOD AND SERVICES**

The Food Bank's operations consist primarily of receiving, storing, and redistributing donated and purchased food to the needy through eligible organizations. Donated food is recorded in the accompanying financial statements as unrestricted revenue at its estimated value. Also, volunteers assist in the operations of the Food Bank. The cost of volunteered services is not reflected in the accompanying financial statements.

Activity of the donated food inventory is summarized as follows:

	<u>2002</u>	<u>2001</u>
Food inventory, beginning of year	\$ 204,871	\$ 327,985
Food donations received	5,785,920	4,884,872
Food purchases	55,022	61,105
Distributed, discarded, and adjustment	( 5,624,001)	( 5,069,091)
Food inventory, end of year	<u>\$ 421,812</u>	<u>\$ 204,871</u>

**5. USDA COMMODITIES**

The Food Bank participated in the USDA Commodities program during the years ended December 31, 2002 and 2001. The objective of the program is to provide U.S. Department of Agriculture (USDA) donated commodities to low-income households through eligible organizations for home consumption. Commodities received are recorded in the accompanying financial statements as unrestricted revenue at its estimated cost.

The commodities were as follows:

	<u>2002</u>	<u>2001</u>
Commodity inventory, beginning of year	\$ 230,183	\$ 378,138
Food commodities received	1,842,547	804,230
Distributed, discarded, and adjustment	( 1,925,693)	( 952,185)
Commodity inventory, end of year	<u>\$ 147,037</u>	<u>\$ 230,183</u>



**THE GREATER BATON ROUGE FOOD BANK**  
**(A NOT-FOR-PROFIT ORGANIZATION)**  
**BATON ROUGE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

**6. PROMISES TO GIVE**

Unconditional promises to give at December 31, 2002 and 2001 are as follows:

	2002	2001
Receivable in less than one year	\$ 5,000	\$ 21,812
Receivable in more than one year	-	-
Total unconditional promises to give	5,000	21,812
Less discount to net present value	( 250)	( 1,091)
Less allowance for uncollectible promises	( 100)	( 436)
Net unconditional promises to give at December 31, 2002 and 2001	\$ 4,650	\$ 20,285

Discount rate on long-term promises to give is 5%.

**7. CAPITAL LEASES**

The Food Bank paid the leases in full during 2002 for certain equipment that had scheduled lease terms through July 2003. Obligations under capital leases for 2001 have been recorded in the accompanying financial statements at the present value of future minimum lease payments discounted at 10%. The capitalized cost of \$7,052 less accumulated depreciation of \$5,021 and \$3,667 as of December 31, 2002 and 2001, respectively, is included in furniture and fixtures in the accompanying financial statements. Depreciation expense for this equipment was \$1,354 and \$2,257 for the years ended December 31, 2002 and 2001, respectively.

**8. RETIREMENT PLAN**

The Food Bank adopted a qualified Internal Revenue Code Section 403(b) annuity plan. The Plan covers all full time employees who have at least three months service. The Food Bank is obligated to match up to 50% of an employee's deferred amount, which cannot exceed 10% of their pay. The Food Bank has the option to match up to 100% in any one year. The Food Bank contributed \$8,393 and \$10,425 to this Plan during the years ended December 31, 2002 and 2001, respectively.





**THE GREATER BATON ROUGE FOOD BANK**  
**(A NOT-FOR-PROFIT ORGANIZATION)**  
**BATON ROUGE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

**9. INVESTMENT INCOME**

The Greater Baton Rouge Food Bank Endowment Fund (the Fund) was created as an inviolate endowment. Donations, to be used to meet the mission statement of the Food Bank, can be solicited for this fund. Interest, dividends, capital gains or other earnings of the Fund are to be utilized at the discretion of the Board of Directors and in compliance with the policies and procedures of the Board designated holder of the endowment. This policy, with the exception of the inviolate nature of the endowment that may not be altered, may only be changed by a two-thirds majority vote of the elected, voting members of the Board of Directors. The corpus of the assets of this fund is considered to be permanently restricted.

Investments of the Endowment Fund consist solely of amounts invested in the Baton Rouge Foundation Investment Pool. The carrying amount of the investments of \$297,636 and \$332,925 as of December 31, 2002 and 2001, respectively, is its fair value. Approximately 70% of the investment pool is held in stocks, 30% in bonds, and a small percentage in mutual funds.

Investment income (loss) on endowment fund investments along with other investment income was comprised of the following:

	2002	2001
Net unrealized gains (losses) on endowment fund	(\$ 48,706)	(\$ 28,443)
Dividend and interest (endowment fund)	7,741	9,409
Interest (money market and certificates of deposit)	12,479	12,597
	(\$ 28,486)	(\$ 6,437)

**10. 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 by management discretion among the programs and supporting services benefited.

**11. COMMITMENTS AND CONTINGENCIES**

The Company is, from time to time, involved in lawsuits arising in the ordinary course of its business that, in the opinion of management, will not have a material effect on the Company's results of operations.



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**THE GREATER BATON ROUGE FOOD BANK**  
**REPORTS ON COMPLIANCE AND INTERNAL CONTROL**  
**DECEMBER 31, 2002**

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**Postlethwaite & Netterville**

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**EXHIBIT A**

**Report on Compliance and on Internal Control Over  
Financial Reporting Based on an Audit of Financial Statements Performed  
in Accordance with *Government Auditing Standards***

The Board of Directors  
The Greater Baton Rouge Food Bank  
Baton Rouge, Louisiana

We have audited the financial statements of The Greater Baton Rouge Food Bank (a not-for-profit organization) as of and for the year ended December 31, 2002, and have issued our report thereon dated June 02, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether The Greater Baton Rouge Food Bank's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of the 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 that are required to be reported under *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Greater Baton Rouge Food Bank's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the finance committee, management of the Greater Baton Rouge Food Bank, and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under revised statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Paula M. D. T. T. T.*

Baton Rouge, Louisiana  
June 2, 2003





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**EXHIBIT B**

**Report on Compliance with Requirements Applicable to  
Each Major Program and on Internal Control Over Compliance  
in Accordance With OMB Circular A-133**

The Board of Directors  
The Greater Baton Rouge Food Bank  
Baton Rouge, Louisiana

**Compliance**

We have audited the compliance of the Greater Baton Rouge Food Bank with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2002. The Greater Baton Rouge Food Bank's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Greater Baton Rouge Food Bank's management. Our responsibility is to express an opinion on the Greater Baton Rouge Food Bank's compliance based on our audit.

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 Greater Baton Rouge Food Bank'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. Our audit does not provide a legal determination on the Greater Baton Rouge Food Bank's compliance with those requirements.

In our opinion, the Greater Baton Rouge Food Bank complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2002.

### **Internal Control Over Compliance**

The management of the Greater Baton Rouge Food Bank is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Greater Baton Rouge Food Bank's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

### **Schedule of Expenditures of Federal Awards**

We have audited the financial statements of the Greater Baton Rouge Food Bank as of and for the year ended December 31, 2002, and have issued our report thereon dated June 2, 2003. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of the finance committee, management of the Greater Baton Rouge Food Bank, the Legislative Auditor of the State of Louisiana, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under revised statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Pauline D. Nettles*

Baton Rouge, Louisiana  
June 2, 2003



**THE GREATER BATON ROUGE FOOD BANK**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

**NOTE A – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Greater Baton Rouge Food Bank (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 schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**NOTE B – FOOD DISTRIBUTION**

Nonmonetary assistance is reported in the schedule at the estimated cost of the commodities disbursed. At December 31, 2002, the organization had USDA commodities valued at \$147,037 in inventory.

**NOTE C – SUB-RECIPIENTS**

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





**EXHIBIT C**

**THE GREATER BATON ROUGE FOOD BANK**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR FISCAL YEAR ENDED DECEMBER 31, 2002**

**U.S. DEPARTMENT OF AGRICULTURE**

<b><u>PROGRAM NAME</u></b>	<b><u>FEDERAL CFDA NUMBER</u></b>	<b><u>EXPENDITURES</u></b>
EMERGENCY FOOD ASSISTANCE PROGRAM	10.568 and 10.569	<u>2,254,542</u>
<b>TOTAL DEPARTMENT OF AGRICULTURE</b>		<b><u>2,254,542</u></b>

**FEDERAL EMERGENCY MANAGEMENT ADMINISTRATION (FEMA)**

<b><u>PROGRAM NAME</u></b>	<b><u>FEDERAL CFDA NUMBER</u></b>	<b><u>EXPENDITURES</u></b>
EMERGENCY FOOD AND SHELTER PROGRAM	83.523	<u>53,698</u>
<b>TOTAL FEMA</b>		<b><u>53,698</u></b>

**TOTAL EXPENDITURES OF FEDERAL AWARDS** 2,308,240

See the accompanying notes to the schedule of expenditures of federal awards.



**THE GREATER BATON ROUGE FOOD BANK**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED DECEMBER 31, 2002**

**A. Summary of Auditors' Results**

*Financial Statements*

Type of auditor's report issued: Unqualified

- Material weakness(es) identified? \_\_\_\_\_ yes      x   no
- Reportable condition(s) identified that are not considered to be material weaknesses? \_\_\_\_\_ yes      x   none reported

Noncompliance material to financial statements noted? \_\_\_\_\_ yes      x   no

*Federal Awards*

Internal control over major programs:

- Material weakness(es) identified? \_\_\_\_\_ yes      x   no
- Reportable condition(s) identified that are not considered to be material weaknesses? \_\_\_\_\_ yes      x   none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? \_\_\_\_\_ yes      x   no



**THE GREATER BATON ROUGE FOOD BANK**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED DECEMBER 31, 2002**

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.568 and 10.569	Emergency Food Assistance Program

- The threshold for distinguishing types A and B programs was \$300,000.
- The Greater Baton Rouge Food Bank does not qualify as being a low-risk auditee. In order to be determined a low-risk auditee, single audits must have been performed for each of the preceding two years and the audit opinion on the financial statements and the schedule of expenditures of Federal awards must have been unqualified for the preceding two years. The Greater Baton Rouge Food Bank began the commodities program during 2000. Therefore, there have not been single audits performed for the preceding two years. Also, there have not been unqualified opinions for the preceding two years.

**B. Findings – Financial Statement Audit**

- None

**C. Findings and Questioned Costs – Major Federal Awards Programs**

- None



**THE GREATER BATON ROUGE FOOD BANK**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**YEAR ENDED DECEMBER 31, 2002**

**Findings and Questioned Costs – Major Federal Awards Programs**

- None