

---

**THE GREATER BATON ROUGE FOOD BANK**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2005**

---

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 8-9-06



**THE GREATER BATON ROUGE FOOD BANK**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2005**

## TABLE OF CONTENTS

	<u>Page</u>
<b><u>Independent Auditors' Report</u></b>	1
<b><u>Financial Statements</u></b>	
Statements of Financial Position	2 - 3
Statements of Activities	4 - 5
Statements of Functional Expenses	6 - 7
Statements of Cash Flows	8
Notes to Financial Statements	9 - 13



**Postlethwaite & Netterville**

A Professional Accounting Corporation  
Associated Offices in Principal Cities of the United States  
www.pncpa.com

**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, 2005 and 2004, 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, 2005 and 2004, 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 May 25, 2006, 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. The purpose of that report is 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 the internal control over financial reporting or on compliance. 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 audits.

*Postlethwaite & Netterville*

Baton Rouge, Louisiana  
May 25, 2006

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

**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2005 AND 2004**

**ASSETS**

	<u>2005</u>	<u>2004</u>
<b><u>CURRENT ASSETS</u></b>		
Cash and cash equivalents	\$ 1,329,048	\$ 334,202
Federal funds receivable	13,063	14,633
Prepaid expenses	20,551	11,619
Food inventory - donated and purchased	1,164,054	667,131
Food inventory - commodities	47,699	160,907
Total current assets	2,574,415	1,188,492
<b><u>PROPERTY AND EQUIPMENT</u></b>		
Land	60,000	60,000
Building and building improvements	1,365,259	1,353,800
Vehicles	180,944	180,944
Furniture, fixtures, and equipment	224,667	216,647
	1,830,870	1,811,391
Less: Accumulated depreciation	(622,100)	(496,448)
	1,208,770	1,314,943
<b><u>OTHER ASSETS</u></b>		
Assets limited as to use	502,562	452,105
Investments (certificates of deposit - one year maturity)	201,836	200,000
	704,398	652,105
Total assets	\$ 4,487,583	\$ 3,155,540

The accompanying notes are an integral part of these statements.

**LIABILITIES AND NET ASSETS**

	<u>2005</u>	<u>2004</u>
<b><u>CURRENT LIABILITIES</u></b>		
Accounts payable	\$ 42,090	\$ 40,894
Accrued expenses and other liabilities	5,546	-
Total current liabilities	<u>47,636</u>	<u>40,894</u>
<b><u>NET ASSETS</u></b>		
Unrestricted	3,704,604	2,757,098
Temporarily restricted	378,051	22,701
Permanently restricted	357,292	334,847
Total net assets	<u>4,439,947</u>	<u>3,114,646</u>
Total liabilities and net assets	<u>\$ 4,487,583</u>	<u>\$ 3,155,540</u>

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

**STATEMENTS OF ACTIVITIES**  
**YEARS ENDED DECEMBER 31, 2005 AND 2004**

	2005			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b><u>REVENUES AND OTHER SUPPORT</u></b>				
Contributions	1,073,486	46,815	22,445	\$ 1,142,746
Capital campaign	-	70,156	-	70,156
United Way	171,675	-	-	171,675
Special events	71,340	-	-	71,340
FEMA	-	53,772	-	53,772
Donated assets	53,211	-	-	53,211
America's Second Harvest	-	65,000	-	65,000
Grant revenues	65,932	395,160	-	461,092
Local government support	29,030	-	-	29,030
State government support	-	-	-	-
USDA commodities reimbursements	186,187	-	-	186,187
Investment income	51,071	-	-	51,071
Food donations received	10,497,611	-	-	10,497,611
Commodities received	1,455,152	-	-	1,455,152
Other	8,557	-	-	8,557
Total revenues	13,663,252	630,903	22,445	14,316,600
Net assets released from restrictions				
Satisfaction of purpose of restrictions	275,553	(275,553)	-	-
Total revenues	13,938,805	355,350	22,445	14,316,600
<b><u>EXPENSES</u></b>				
Program	12,820,513	-	-	12,820,513
Administration	28,841	-	-	28,841
Fund-raising	141,945	-	-	141,945
Total expenses	12,991,299	-	-	12,991,299
<b><u>CHANGE IN NET ASSETS</u></b>				
Net assets at beginning of year	2,757,098	22,701	334,847	3,114,646
Net assets, end of period	\$ 3,704,604	\$ 378,051	\$ 357,292	\$ 4,439,947

The accompanying notes are an integral part of these statements.

2004

Unrestricted	Temporarily Restricted	Permanently Restricted	Total
221,221	26,522	16,375	\$ 264,118
-	136,162	-	136,162
196,200	-	-	196,200
56,689	-	-	56,689
-	44,505	-	44,505
37,154	-	-	37,154
-	-	-	-
-	91,180	-	91,180
33,120	-	-	33,120
100,000	-	-	100,000
181,716	-	-	181,716
51,896	-	-	51,896
6,719,058	-	-	6,719,058
1,517,989	-	-	1,517,989
8,222	-	-	8,222
<u>9,123,265</u>	<u>298,369</u>	<u>16,375</u>	<u>9,438,009</u>
363,961	(363,961)	-	-
<u>9,487,226</u>	<u>(65,592)</u>	<u>16,375</u>	<u>9,438,009</u>
8,954,093	-	-	8,954,093
24,491	-	-	24,491
100,160	-	-	100,160
<u>9,078,744</u>	<u>-</u>	<u>-</u>	<u>9,078,744</u>
408,482	(65,592)	16,375	359,265
<u>2,348,616</u>	<u>88,293</u>	<u>318,472</u>	<u>2,755,381</u>
<u>\$ 2,757,098</u>	<u>\$ 22,701</u>	<u>\$ 334,847</u>	<u>\$ 3,114,646</u>

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

**STATEMENTS OF FUNCTIONAL EXPENSES**  
**YEARS ENDED DECEMBER 31, 2005 AND 2004**

2005

	<u>Program</u>	<u>Administration</u>	<u>Fundraising</u>	<u>Total</u>
Accounting and professional fees	\$ -	\$ 6,400	\$ -	\$ 6,400
Advertising	33,209	-	2,120	35,329
Capital Campaign	10,554	-	-	10,554
Cold storage	2,219	-	-	2,219
Conferences	3,491	-	-	3,491
Depreciation	125,652	-	-	125,652
Distribution of commodities	1,568,360	-	-	1,568,360
Distribution of donated food	10,066,614	-	-	10,066,614
Dues	13,696	-	874	14,570
Fuel and mileage	15,660	500	500	16,660
In-Kind expense	53,211	-	-	53,211
Insurance	128,592	-	-	128,592
Investment fees and expenses	6,943	-	-	6,943
Kids Café	-	-	-	-
Loss on disposal of assets	-	-	-	-
Miscellaneous expense	35,914	-	1,496	37,410
Payroll taxes	36,280	1,296	5,615	43,191
Postage	8,515	-	17,287	25,802
Printing and publication	14,926	-	21,480	36,406
Repairs and maintenance	81,453	-	-	81,453
Retirement	5,058	181	783	6,022
Salaries	436,032	15,573	67,481	519,086
Special Event Expense	-	-	21,996	21,996
Supplies	12,154	3,039	-	15,193
Telephone	4,672	1,168	1,947	7,787
Transportation	82,633	-	-	82,633
Utilities	48,508	490	-	48,998
Volunteer program	6,959	-	366	7,325
Waste disposal	19,208	194	-	19,402
	<u>\$ 12,820,513</u>	<u>\$ 28,841</u>	<u>\$ 141,945</u>	<u>\$ 12,991,299</u>

The accompanying notes are an integral part of these statements.

## 2004

Program	Administration	Fundraising	Total
\$ -	\$ 6,000	\$ -	\$ 6,000
8,531	-	545	9,076
63,550	-	-	63,550
-	-	-	-
3,482	-	-	3,482
123,366	-	-	123,366
1,412,631	-	-	1,412,631
6,473,672	-	-	6,473,672
10,546	-	673	11,219
16,173	516	516	17,205
37,154	-	-	37,154
134,595	-	-	134,595
6,378	-	-	6,378
25,000	-	-	25,000
438	-	-	438
49,330	-	2,055	51,385
32,028	1,144	4,957	38,129
5,981	-	12,142	18,123
12,303	-	17,704	30,007
40,940	-	-	40,940
5,032	180	779	5,991
380,838	13,601	58,939	453,378
-	-	-	-
6,968	1,742	-	8,710
3,461	865	1,442	5,768
50,022	-	-	50,022
39,429	398	-	39,827
7,753	-	408	8,161
4,492	45	-	4,537
<u>\$ 8,954,093</u>	<u>\$ 24,491</u>	<u>\$ 100,160</u>	<u>\$ 9,078,744</u>

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

**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2005 AND 2004**

	<u>2005</u>	<u>2004</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Change in net assets	\$ 1,325,301	\$ 359,265
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	125,652	123,366
Loss on disposal of equipment	-	438
Appreciation of investments	(24,425)	(36,519)
Donated assets	(10,492,774)	(6,719,058)
Net change in:		
Accounts receivable	1,570	(6,518)
Prepaid expenses	(8,932)	5,805
Food inventory	9,995,851	6,381,653
Commodities inventory	113,208	(105,358)
Accounts payable	1,196	(10,987)
Accrued expenses and other liabilities	5,546	(1,979)
Net cash provided (used) by operating activities	<u>1,042,193</u>	<u>(9,892)</u>
 <b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Expenditures for property and equipment	(19,479)	(98,178)
Purchase of investments	(27,868)	(19,957)
Net cash used in investing activities	<u>(47,347)</u>	<u>(118,135)</u>
 Change in cash and cash equivalents	994,846	(128,027)
 Cash and cash equivalents at beginning of year	<u>334,202</u>	<u>462,229</u>
 Cash and cash equivalents at end of year	<u>\$ 1,329,048</u>	<u>\$ 334,202</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 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 Food Bank is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes on related income pursuant to Section 501(a) of the Internal Revenue Code.

**Food Inventory - Donated and Purchased**

Food inventory, predominately donated, is reported at fair value as determined by pricing guidelines produced by *America's Second Harvest*. Donated food inventory received is recorded as unrestricted revenue at an amount equal to the determined value in accordance with 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 in accordance with 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, 2005, the Food Bank's uninsured cash balances totaled approximately \$1,198,666.

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

**2. TEMPORARILY RESTRICTED NET ASSETS**

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

	<u>2005</u>	<u>2004</u>
Transportation	\$ -	\$ 1,558
Food	37,415	9,980
Disaster relief	6,000	6,000
Hurricane Katrina	334,373	-
Kid's Café	100	5,000
Cooler/freezer purchase	<u>163</u>	<u>163</u>
	<u>\$ 378,051</u>	<u>\$ 22,701</u>

**3. PERMANENTLY RESTRICTED NET ASSETS**

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

	<u>2005</u>	<u>2004</u>
Endowment Fund; (principal unexpendable; interest can be used for general mission statement of Food Bank)	<u>\$ 357,292</u>	<u>\$ 334,847</u>

**4. BOARD DESIGNATIONS FOR UNRESTRICTED NET ASSETS**

The Board of Directors designated \$184,724 and \$197,712 as of December 31, 2005 and 2004, respectively, of unrestricted net assets for its Capital Campaign.

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

**NOTES TO FINANCIAL STATEMENTS**

**5. 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 volunteer services is not reflected in the accompanying financial statements.

Activity of donated food inventory is summarized as follows:

	<u>2005</u>	<u>2004</u>
Food inventory, beginning of year	\$ 667,131	\$ 329,726
Food donations received	10,497,611	6,719,058
Food purchases	65,926	92,019
Distributed, discarded, and adjustment	( 10,066,614)	( 6,473,672)
Food inventory, end of year	<u>\$ 1,164,054</u>	<u>\$ 667,131</u>

**6. USDA COMMODITIES**

The Food Bank participated in the USDA Commodities program during the years ended December 31, 2005 and 2004. 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>2005</u>	<u>2004</u>
Commodity inventory, beginning of year	\$ 160,907	\$ 55,549
Food commodities received	1,455,152	1,517,989
Distributed, discarded, and adjustment	( 1,568,360)	( 1,412,631)
Commodity inventory, end of year	<u>\$ 47,699</u>	<u>\$ 160,907</u>

**7. 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 completed at least three months of 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 \$6,022 and \$5,991 to this Plan during the years ended December 31, 2005 and 2004, respectively.

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

**NOTES TO FINANCIAL STATEMENTS**

**8. 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 Area Foundation Investment Pool. The carrying amount of the investments of \$502,562 and \$452,105 as of December 31, 2005 and 2004, respectively, is its fair value, based on quoted market prices.

The Food Bank has cash in money market accounts and certificates of deposit that pay interest.

Investment income on investments was comprised of the following:

	<u>2005</u>	<u>2004</u>
Net unrealized gains on endowment fund	\$ 24,425	\$ 36,519
Dividend and interest (endowment fund)	10,530	9,927
Interest (money market and certificates of deposit)	<u>16,115</u>	<u>5,450</u>
	<u>\$ 51,070</u>	<u>\$ 51,896</u>

**9. 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 among the programs and supporting services benefited.

**10. COMMITMENTS AND CONTINGENCIES**

The Food Bank 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 Food Bank's results of operations.

---

**THE GREATER BATON ROUGE FOOD BANK**

**REPORTS ON INTERNAL CONTROL AND ON  
COMPLIANCE AND OTHER MATTERS**

**DECEMBER 31, 2005**

---



## TABLE OF CONTENTS

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>	Exhibit A
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	Exhibit B
Schedule of Expenditures of Federal Awards	Exhibit C
Schedule of Findings and Questioned Costs	Exhibit D
Summary Schedule of Prior Audit Findings	Exhibit E



**Postlethwaite & Netterville**

A Professional Accounting Corporation  
Associated Offices in Principal Cities of the United States  
www.pncpa.com

**EXHIBIT A**

**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***

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, 2005, and have issued our report thereon dated May 25, 2006. 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.

**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 an opinion 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 reportable 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 caused by error or fraud 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.

**Compliance and Other Matters**

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 grant agreements, 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 and other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the board of directors, 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.

*Postlethwaite ; Netterville*

Baton Rouge, Louisiana  
May 25, 2006





**Postlethwaite & Netterville**

A Professional Accounting Corporation  
Associated Offices in Principal Cities of the United States  
www.pncpa.com

**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, 2005. 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, 2005.

**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 reportable 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 caused by error or fraud 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, 2005, and have issued our report thereon dated May 25, 2006. 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 board of directors, 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.

*Postlethwaite & Netterville*

Baton Rouge, Louisiana  
May 25, 2006



EXHIBIT C

THE GREATER BATON ROUGE FOOD BANK  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR FISCAL YEAR ENDED DECEMBER 31, 2005

U.S. DEPARTMENT OF AGRICULTURE

<u>PROGRAM NAME</u>	<u>FEDERAL CFDA NUMBER</u>	<u>EXPENDITURES</u>
FEDERAL AGENCY FOOD AND NUTRITION SERVICE, PASSED THROUGH GRANT NUMBERS 6LA810812 AND 6LA400812		
EMERGENCY FOOD ASSISTANCE PROGRAM	10.568 and 10.569	\$ <u>1,754,547</u>
<b>TOTAL DEPARTMENT OF AGRICULTURE</b>		<b>\$ <u>1,754,547</u></b>

DEPARTMENT OF HOMELAND SECURITY

<u>PROGRAM NAME</u>	<u>FEDERAL CFDA NUMBER</u>	<u>EXPENDITURES</u>
EMERGENCY FOOD AND SHELTER PROGRAM	97.024	\$ <u>53,772</u>
<b>TOTAL HOMELAND SECURITY</b>		<b>\$ <u>53,772</u></b>

**TOTAL EXPENDITURES OF FEDERAL AWARDS** 1,808,319

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

**THE GREATER BATON ROUGE FOOD BANK**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

**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, 2005, the organization had USDA commodities valued at \$47,699 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.

**THE GREATER BATON ROUGE FOOD BANK**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED DECEMBER 31, 2005**

**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, 2005**

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 qualify as being a low-risk auditee.

**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, 2005**

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

- None