
THE GREATER BATON ROUGE FOOD BANK

FINANCIAL STATEMENTS

DECEMBER 31, 2015



A Professional Accounting Corporation

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FINANCIAL STATEMENTS

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INDEPENDENT AUDITORS' REPORT

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

Report on Financial Statements

We have audited the accompanying financial statements of The Greater Baton Rouge Food Bank (a not-for-profit Organization) which comprise the statements of financial position as of December 31, 2015 and 2014, 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 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 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 auditors' 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 Organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Greater Baton Rouge Food Bank as of December 31, 2015 and 2014, and the respective changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of compensation, benefits and other payments to Chief Executive Officer included on page 22 is presented for purpose of additional analysis and is not a required part of the basic 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 audits 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 Reports Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report, dated June 28, 2016, on our consideration of the Organization's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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 internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Postlethwaite & Nettewille

Baton Rouge, Louisiana
June 28, 2016

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

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2015 AND 2014

ASSETS

	2015	2014
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$ 2,097,954	\$ 1,913,269
Restricted cash	1,031,226	1,002,844
Accounts receivable	84,116	14,813
Prepaid insurance	32,998	4,874
Unconditional promises to give	207,131	427,606
Promise to give - United Way	152,500	152,500
Food inventory - donated and purchased	1,365,182	1,173,926
Food inventory - commodities	192,996	96,309
Total current assets	5,164,103	4,786,141
<u>PROPERTY AND EQUIPMENT</u>		
Land	500,000	500,000
Building and building improvements	11,125,123	11,180,510
Construction in process	5,627	347,117
Vehicles	346,421	346,421
Furniture, fixtures, and equipment	1,402,443	427,703
	13,379,614	12,801,751
Less: Accumulated depreciation	(1,765,902)	(1,426,142)
	11,613,712	11,375,609
<u>OTHER ASSETS</u>		
Investments - restricted (footnote 12)	1,241,853	1,197,807
Long-term portion of unconditional promises to give	63,890	31,814
Total other assets	1,305,743	1,229,621
Total assets	\$ 18,083,558	\$ 17,391,371

The accompanying notes are an integral part of these statements.

LIABILITIES AND NET ASSETS

	<u>2015</u>	<u>2014</u>
<u>CURRENT LIABILITIES</u>		
Accounts payable	\$ 177,096	\$ 327,168
Accrued expenses and other liabilities	73,678	40,219
Accrued interest payable	6,364	5,774
Note payable - current portion	177,531	158,931
Total current liabilities	<u>434,669</u>	<u>532,092</u>
<u>LONG-TERM LIABILITIES</u>		
Note payable - less current portion	<u>2,857,681</u>	<u>3,181,343</u>
Total long-term liabilities	<u>2,857,681</u>	<u>3,181,343</u>
Total liabilities	<u>3,292,350</u>	<u>3,713,435</u>
<u>NET ASSETS</u>		
Unrestricted	12,505,721	11,303,010
Temporarily restricted	1,381,226	1,544,245
Permanently restricted	904,261	830,681
Total net assets	<u>14,791,208</u>	<u>13,677,936</u>
Total liabilities and net assets	<u>\$ 18,083,558</u>	<u>\$ 17,391,371</u>

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

STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<u>REVENUES AND OTHER SUPPORT</u>				
Contributions	\$ 2,648,160	\$ 255,144	\$ 73,580	\$ 2,976,884
United Way	152,500	152,500	-	305,000
Special events	101,964	-	-	101,964
Emergency Food and Shelter Grant (FEMA)	40,743	-	-	40,743
Donated services and gifts in kind	116,106	-	-	116,106
Grant revenues	182,201	345,349	-	527,550
Local government support	31,800	-	-	31,800
SNAP Outreach	33,014	-	-	33,014
USDA commodities reimbursements	239,394	-	-	239,394
GOHSEP generator reimbursements	474,363	-	-	474,363
Investment income (loss)	(15,237)	-	-	(15,237)
Food donations received	12,818,964	-	-	12,818,964
Commodities received	1,398,284	-	-	1,398,284
Forgiveness of debt	100,000	-	-	100,000
Gain on sale of assets	-	-	-	-
Other	84,711	-	-	84,711
Total revenues	18,406,967	752,993	73,580	19,233,540
Net assets released from restrictions				
Satisfaction of purpose of restrictions	916,012	(916,012)	-	-
Total revenues	19,322,979	(163,019)	73,580	19,233,540
<u>EXPENSES</u>				
Program	16,636,121	-	-	16,636,121
Administration	455,369	-	-	455,369
Fundraising	1,028,778	-	-	1,028,778
Total expenses	18,120,268	-	-	18,120,268
<u>CHANGE IN NET ASSETS</u>	1,202,711	(163,019)	73,580	1,113,272
Net assets - beginning of period	11,303,010	1,544,245	830,681	13,677,936
Net assets - end of period	\$ 12,505,721	\$ 1,381,226	\$ 904,261	\$ 14,791,208

The accompanying notes are an integral part of these statements.

2014

Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$ 2,246,470	\$ 170,536	\$ 70,519	\$ 2,487,525
152,500	152,500	-	305,000
83,555	-	-	83,555
34,954	-	-	34,954
241,267	-	-	241,267
58,706	195,646	-	254,352
34,500	-	-	34,500
21,638	-	-	21,638
205,355	-	-	205,355
-	-	-	-
60,567	-	-	60,567
13,854,390	-	-	13,854,390
1,487,483	-	-	1,487,483
100,000	-	-	100,000
34,048	-	-	34,048
21,152	-	-	21,152
<u>18,636,585</u>	<u>518,682</u>	<u>70,519</u>	<u>19,225,786</u>
2,048,450	(2,048,450)	-	-
<u>20,685,035</u>	<u>(1,529,768)</u>	<u>70,519</u>	<u>19,225,786</u>
18,168,840	-	-	18,168,840
397,340	-	-	397,340
736,761	-	-	736,761
<u>19,302,941</u>	<u>-</u>	<u>-</u>	<u>19,302,941</u>
1,382,094	(1,529,768)	70,519	(77,155)
<u>9,920,916</u>	<u>3,074,013</u>	<u>760,162</u>	<u>13,755,091</u>
<u>\$ 11,303,010</u>	<u>\$ 1,544,245</u>	<u>\$ 830,681</u>	<u>\$ 13,677,936</u>

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

STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2015 AND 2014

2015

	<u>Program</u>	<u>Administration</u>	<u>Fundraising</u>	<u>Total</u>
Accounting and professional fees	\$ -	\$ 28,183	\$ 50,104	\$ 78,287
Advertising	-	-	10,926	10,926
Write down of pledges	-	-	50,650	50,650
Capital Campaign	-	-	57,368	57,368
Cold storage	390	-	-	390
Conferences	14,754	6,810	1,135	22,699
Contract labor	111,625	4,035	18,828	134,488
Depreciation	394,694	12,597	12,597	419,888
Direct mail expense	-	-	365,686	365,686
Distribution of commodities	1,301,597	-	-	1,301,597
Distribution of donated food	12,980,751	-	-	12,980,751
Dues	13,276	1,145	8,469	22,890
Food purchases with FEMA revenue	40,743	-	-	40,743
Fuel and mileage	64,841	3,602	3,602	72,045
In-kind expense	33,671	23,221	59,214	116,106
Insurance	84,983	39,223	6,537	130,743
Interest expense	102,649	3,276	3,276	109,201
Investment fees and expenses	-	30,486	-	30,486
Loss on disposal of assets	-	1,618	-	1,618
Equipment	5,769	2,884	2,884	11,537
Miscellaneous expense	36,467	10,285	-	46,752
Payroll taxes	66,815	17,475	18,503	102,793
Postage	1,473	2,946	25,036	29,455
Printing and publication	1,648	3,296	28,011	32,955
Repairs and maintenance	70,453	-	-	70,453
Retirement and employee benefits	100,454	26,273	27,819	154,546
Salaries	846,887	221,494	234,523	1,302,904
Service contracts	11,780	7,853	2,181	21,814
Special event expense	-	-	29,055	29,055
Supplies	31,015	3,102	4,652	38,769
Telephone	10,783	4,313	6,470	21,566
Transportation	53,268	-	-	53,268
Training	2,554	-	-	2,554
Utilities	88,319	901	901	90,121
Vehicle leases	125,836	-	-	125,836
Volunteer program	4,233	-	-	4,233
Waste disposal	34,393	351	351	35,095
	<u>\$ 16,636,121</u>	<u>\$ 455,369</u>	<u>\$ 1,028,778</u>	<u>\$ 18,120,268</u>

The accompanying notes are an integral part of these statements.

2014

Program	Administration	Fundraising	Total
\$ -	\$ 56,213	\$ 18,738	\$ 74,951
12,727	-	-	12,727
-	-	9,765	9,765
-	-	80,258	80,258
2,020	-	-	2,020
10,730	224	224	11,178
139,322	17,415	17,415	174,152
363,207	11,592	11,592	386,391
-	-	262,227	262,227
1,443,913	-	-	1,443,913
14,224,889	-	-	14,224,889
14,300	1,682	5,047	21,029
33,029	-	-	33,029
95,943	3,062	3,062	102,067
16,020	11,048	28,173	55,241
101,863	47,014	7,836	156,713
107,937	3,445	3,445	114,827
-	29,201	-	29,201
-	-	-	-
5,550	2,775	2,775	11,100
43,884	448	448	44,780
59,680	12,109	14,704	86,493
23,119	1,445	4,335	28,899
22,788	1,424	4,273	28,485
83,183	-	-	83,183
129,387	26,252	31,878	187,517
769,458	156,122	189,577	1,115,157
11,991	7,994	2,221	22,206
-	-	26,714	26,714
32,687	2,043	6,129	40,859
18,917	2,365	2,365	23,647
62,968	-	-	62,968
2,336	343	436	3,115
131,271	2,735	2,735	136,741
162,030	-	-	162,030
5,531	-	-	5,531
38,160	389	389	38,938
<u>\$ 18,168,840</u>	<u>\$ 397,340</u>	<u>\$ 736,761</u>	<u>\$ 19,302,941</u>

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

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ 1,113,272	\$ (77,155)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Permanently restricted contributions	(73,580)	(70,519)
Write down of pledges	50,650	9,765
Depreciation	419,888	386,390
(Gain) loss on disposal of equipment	1,618	(34,048)
Forgiveness of debt	(100,000)	(100,000)
Unrealized depreciation (appreciation) of investments	40,508	(37,924)
Imputed interest on forgivable debt	9,445	9,445
Inventory, net	(191,256)	50,710
Net change in:		
Accounts receivable	(69,303)	85,787
Prepaid insurance	(28,124)	15,346
Net present value discount on unconditional promises to give	(9,051)	(20,717)
Commodities inventory	(96,687)	(43,570)
Accrued interest payable	590	(9,792)
Accounts payable	(150,072)	(96,903)
Accrued expenses and other liabilities	33,459	1,838
Net cash provided by operating activities	951,357	68,653
 <u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Property and equipment purchases	(659,609)	(423,942)
Proceeds from sale of building	-	523,980
Purchase of investments	(84,554)	(92,644)
Net cash (used in) provided by investing activities	(744,163)	7,394
 <u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Unconditional promises to give	146,800	516,062
Permanently restricted contributions	73,580	70,519
Principal payments on notes payable	(214,507)	(807,553)
Net cash provided by (used in) financing activities	5,873	(220,972)
 Net change in cash and cash equivalents	213,067	(144,925)
 Cash and cash equivalents at beginning of year	2,916,113	3,061,038
 Cash and cash equivalents at end of year	\$ 3,129,180	\$ 2,916,113
 <u>Supplemental disclosure:</u>		
Schedule of Noncash Investing and Financing Transactions		
Construction in process	-	604,068
Notes payable	-	(604,068)
	-	-
 Interest paid	\$ 119,236	\$ 114,480

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 (the Food Bank or the Organization) 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 (FASB) Accounting Standards Codification (ASC). 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 39 years.

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)

Revenue Recognition and Promises to Give

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted depending on the existence or nature of any donor restrictions. 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 statements of activities as net assets released from restrictions.

Grants receive the same accounting treatment as contributions, if the grant activity is to be planned and carried out by the Organization and the Organization has the right to the benefits of carrying out the activity.

Management has evaluated Promises to Give and does not believe an allowance is necessary at December 31, 2015 or 2014.

Income Taxes

The Organization has been recognized by the Internal Revenue Service as a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes. The Organization had unrelated business taxable income of \$17,000 and \$0 for the years ended December 31, 2015 and 2014, respectively, related to rental income. The Organization filed Form 990T in relation to this business income, however, no income tax was paid due to the related expenses that were deductible from the income. Accordingly, no provision for income taxes on related income has been included in the financial statements for December 31, 2015 or 2014.

In Management's judgment, the Food Bank does not have any tax positions that would result in a loss contingency considering the facts, circumstances, and information available at the reporting date.

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)

Food Inventory - Donated and Purchased

Food inventory, predominately donated, including food received, distributed and undistributed, is valued using the estimated fair value as determined by the Feeding America Product Valuation Survey prepared by KPMG, LLP on an annual basis. The report provides the average wholesale value of products donated to the network and is considered to be a reasonable basis upon which to estimate these amounts. The average wholesale value used for the years ended December 31, 2015 and 2014, was \$1.70 and \$1.72 per pound, respectively. The Food Bank receives donated Meals Ready to Eat (MRE's) periodically during the year. MRE's are valued using available market prices (fair value) for meals with a similar test by date. The average fair value at December 31, 2015 and 2014 was \$47. Donated food inventory received is recorded as unrestricted revenue at an amount equal to the determined value in accordance with the aforementioned guidelines.

Purchased food inventory is recorded at cost.

Food Inventory - Commodities

The Food Bank records commodities inventory 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. During the year ended December 31, 2015 and 2014, the food product prices averaged \$1.03 per pound and \$0.95 per pound, respectively.

Net Asset Value

In May 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2015-07 Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share or its Equivalent. This ASU is effective for years beginning after December 15, 2016 with early application permitted. The ASU eliminates the requirement to categorize investments for which fair values are measured using the net asset value per share as practical expedient. It also limits disclosures to investments for which the entity has elected to measure the fair value using the practical expedient. The Food Bank has elected to early adopt this ASU for the period ended December 31, 2015.

Investments

Investments are carried at net asset value (NAV) of units held by the Food Bank at year end. 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.

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)

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.

Accounts Receivable

The Food Bank determines past-due accounts based on contractual terms and does not charge interest on the accounts. Receivables consist primarily of amounts due from various grants. The Food Bank charges off receivables if management considers the collection of the outstanding balance to be doubtful. Management does not believe an allowance is necessary at December 31, 2015 or 2014.

Donated Services

A significant portion of the Food Bank's functions are conducted by unpaid volunteers. The value of the contributed time is not reflected in the financial statements since the services do not meet the criteria for recognition under accounting principles generally accepted in the United States of America.

Donated Materials

Donated materials are reflected as contribution income and expense in the accompanying financial statements at their estimated values at the date of receipt. Various materials were donated to the Food Bank to help aid in their mission. These materials were valued at approximately \$116,000 and \$241,000 for the years ended December 31, 2015 and 2014, respectively. The amount at December 31, 2015 consisted mainly of donated advertisements of \$77,000. The amount at December 31, 2014 consisted mainly of donated architect fees of \$174,000 and donated advertisements of \$29,000.

Reclassification

Certain amounts in the prior year financial statements have been reclassified to conform with current year presentation. These reclassifications include a decrease in food donations received of \$477,997 and a corresponding decrease in distribution of donated food of \$477,997. These reclassifications have had no effect on the change in net assets or on the inventory balance at December 31, 2014.

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

NOTES TO FINANCIAL STATEMENTS

2. TEMPORARILY RESTRICTED NET ASSETS

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

	<u>2015</u>	<u>2014</u>
Bucks for Trucks Program	\$ 82,455	\$ 60,216
Back Pack Program	92,425	47,098
Capital Campaign	1,011,166	1,245,817
United Way Promise to Give – general and administration	135,000	135,000
United Way Promise to Give – Back Pack Program	17,500	17,500
Estate of Elizabeth Ferro - Garden	20,000	20,000
Mosaic Grant - Truck Purchase	-	18,114
Mobile Pantry	1,330	-
Food Purchases	20,250	-
Tables for Sorting Area	1,100	500
	<u>\$ 1,381,226</u>	<u>\$ 1,544,245</u>

Net assets were released from restrictions by incurring expenses satisfying the restricted purposes or by occurrences of other events specified by the donors of the various programs. Capital Campaign funds of \$411,814; Bucks for Trucks Program of \$48,192; Back Pack Program of \$200,639; Food Purchases \$42,626; Adopt a Senior of \$5,622; and United Way of \$152,500 were the primary funds released from restrictions during 2015.

Capital Campaign funds of \$1,511,910; Bucks for Trucks Program of \$61,318; Back Pack Program of \$155,583; Food Purchases \$71,225; Mosaic Grant -Truck Purchase \$58,804; and United Way of \$152,500 were the primary funds released from restrictions during 2014.

During the year ended December 31, 2015, the Board authorized approximately \$350,000 from a onetime donation and additional excess funds received in 2015 for operating and maintenance reserves. During the year ended December 31, 2014, the Board designated \$140,000 from the sale of the old building as part of a match for a Capital Campaign Grant.

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

NOTES TO FINANCIAL STATEMENTS

3. PERMANENTLY RESTRICTED NET ASSETS

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

	2015	2014
Endowment Fund (principal unexpendable; earnings can be used for general mission statement of Food Bank)	<u>\$ 904,261</u>	<u>\$ 830,681</u>

4. USDA COMMODITIES

The Food Bank participated in the USDA Commodities program during the years ended December 31, 2015 and 2014. 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 their estimated fair value.

Activity of commodities is summarized as follows:

	2015	2014
Commodity inventory at beginning of year	\$ 96,309	\$ 52,739
Food commodities received	1,398,284	1,487,483
Distributed, discarded, and adjustment	(1,301,597)	(1,443,913)
Commodity inventory at end of year	<u>\$ 192,996</u>	<u>\$ 96,309</u>

5. NOTES PAYABLE

The Organization received \$500,000 as part of a loan agreement with the Office of Community Development during the year ended December 31, 2013 which was used for the rehabilitation of the new office and warehouse. This is a principal only loan with a term of 5 years fixed amortization. Beginning in 2014, the loan will be forgiven upon annual verification of compliance as to the occupancy and the use of the property to benefit low to moderate income individuals. An amount equal to one fifth of the total amount of this loan will be forgiven annually. During the years ended December 31, 2015 and 2014, respectively, \$100,000 was forgiven on the loan.

THE GREATER BATON ROUGE FOOD BANK
(A NOT-FOR-PROFIT ORGANIZATION)
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NOTES TO FINANCIAL STATEMENTS

5. **NOTES PAYABLE** (continued)

The Organization also received an additional \$500,000 repayable loan with the Office of Community Development during the year ended December 31, 2014. This is a principal only loan which is also for the rehabilitation of the new office and warehouse. Therefore, interest was imputed at a rate of 4%. In 2014, the present value of the note payable was \$405,545. \$9,445 was recorded as interest for the years ended December 31, 2015 and 2014. The loan is due over a 10 year period with the first payment to be due ninety days after the expiration of the agreement which was December 31, 2013, or March 31, 2014. Delay of contract finalization and execution between counsel for the Food Bank and counsel for the City Parish of East Baton Rouge delayed establishment of the repayment process. As such, no payments were made during the year ended December 31, 2014. Payments totaling approximately \$79,000 were made for the year ended December 31, 2015.

A summary of long-term debt as of December 31st is as follows:

	<u>2015</u>	<u>2014</u>
Toyota Financial Services, 3 years at 6.10% from January 2013 through September 2013 and 4.3% from September 2013 through maturity; requiring monthly payments of \$563 plus interest due August 2016; secured by forklift.	\$ 3,678	\$ 10,438
Loan with Bancorp South; 180 monthly payments of \$18,967 at 4% interest; balloon payment in the amount of \$1,572,245 due August 5, 2021; secured by the building	2,386,256	2,514,836
Community Development Block Grant (CDBG) repayable loan; 10 years with imputed interest of 4%; secured by the building	345,278	415,000
Community Development Block Grant (CDBG) forgivable loan; 5 years at 0%, secured by the building	<u>\$ 300,000</u>	<u>\$ 400,000</u>
Subtotal	<u>3,035,212</u>	<u>3,340,274</u>
Less: current portion	<u>(177,531)</u>	<u>(158,931)</u>
Long term debt- net of maturities	<u>\$ 2,857,681</u>	<u>\$ 3,181,343</u>

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NOTES TO FINANCIAL STATEMENTS

5. NOTES PAYABLE (continued)

The notes are expected to mature as follows:

<u>Year ending</u> <u>December 31st</u>	<u>Amount</u>
2016	\$ 177,531
2017	179,616
2018	485,346
2019	191,321
2020	197,318
Thereafter	<u>1,804,080</u>
	<u>\$ 3,035,212</u>

6. VEHICLE LEASES

The Food Bank leases delivery trucks for food distribution. Three operating leases were entered into in October of 2013; however, the trucks were not put into service until May 2014. A fourth lease was entered into in August 2014, but the truck was not put into service until March 2015. The Food Bank has four leases in total at December 31, 2015. The terms of the leases, which range from 6.5 to 7.5 years, require annual rental payments as follows:

2016	\$ 72,396
2017	72,396
2018	72,396
2019	72,396
2020	66,412
Thereafter	<u>27,418</u>
	<u>\$ 383,414</u>

Rental expense for the leases was \$69,404 and \$54,444 for the years ended December 31, 2015 and 2014, respectively.

7. RETIREMENT PLAN

The Food Bank has a qualified Internal Revenue Code Section 403(b) annuity plan. The Plan covers all 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, up to 10% of their pay. The Food Bank has the option to match up to 100% in any one year. The Food Bank contributed \$25,034 and \$27,963 to this Plan during the years ended December 31, 2015 and 2014, respectively.

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NOTES TO FINANCIAL STATEMENTS

8. INVESTMENT INCOME

The Food Bank has cash in money market accounts and pooled separate accounts held by BRAF that pay interest.

Investment income (loss) on investments was comprised of the following:

	<u>2015</u>	<u>2014</u>
Net unrealized gains (losses) on endowment fund	\$ (40,508)	\$ 37,924
Dividend and interest	<u>25,271</u>	<u>22,643</u>
	<u>\$ (15,237)</u>	<u>\$ 60,567</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 and functional expenses. 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.

11. PROMISES TO GIVE

Unconditional Promises to Give

Unconditional promises to give at December 31, 2015 and 2014 are as follows:

	<u>2015</u>	<u>2014</u>
Receivable in less than one year	\$ 212,529	\$ 442,930
Receivable in one to five years	<u>65,700</u>	<u>32,750</u>
Total unconditional promises to give	278,229	475,680
Less: Discount to net present value	(7,208)	(16,260)
Net unconditional promises to give	<u>\$ 271,021</u>	<u>\$ 459,420</u>

The discount rate used on the valuation of long-term promises to give was 2.73% and 2.61% for the year ended December 31, 2015 and 2014, respectively, the rate of return of the 30 year U.S. Treasury Bill.

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NOTES TO FINANCIAL STATEMENTS

11. PROMISES TO GIVE (continued)

The scheduled payments on promises to give are as follows:

2016	\$	207,131
2017		61,699
2018		<u>2,191</u>
	\$	<u>271,021</u>

During the years ended December 31, 2015 and 2014, \$50,650 and \$9,765, respectively was written off related to reduction in pledges.

12. ENDOWMENT NET ASSETS

The primary objective of the Food Bank's investment and spending policies for its endowed assets is for the investment of donor contributions made in memory of individuals. These donations are used to meet the mission statement of the Food Bank. Its endowment includes donor- restricted endowment funds. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Food Bank has interpreted the Louisiana State Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. This Act was effective July 1, 2010. Upon implementation, the Food Bank classified as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. 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 (BRAFI). To satisfy its long-term rate-of-return objectives, the Food Bank relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The carrying amount of the investments of \$1,241,853 and \$1,197,807 as of December 31, 2015 and 2014, respectively, are recorded at their NAV. The investments are in pooled funds primarily composed of mutual funds held at the Baton Rouge Area Foundation.

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NOTES TO FINANCIAL STATEMENTS

12. ENDOWMENT NET ASSETS (continued)

As of December 31, 2015 and 2014, all interest and dividend income and unrealized gains were classified as unrestricted.

The endowment net asset composition by type of fund was as follows as of December 31, 2015 and 2014:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-Restricted Endowment as of December 31, 2015	\$ 329,716	\$ -	\$ 912,137	\$ 1,241,853
Donor-Restricted Endowment as of December 31, 2014	\$ 356,429	\$ -	\$ 841,378	\$ 1,197,807

Changes in endowment funds by net asset category were as follows for the year ended December 31, 2015:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, December 31, 2014	\$ 356,429	\$ -	\$ 841,378	\$ 1,197,807
Investment Return: Investment gain	24,847	-	-	24,847
Net depreciation	(40,508)	-	-	(40,508)
Investment expenses	(11,052)	-	-	(11,052)
Contributions	-	-	70,759	70,759
Endowment net assets, December 31, 2015	<u>\$ 329,716</u>	<u>\$ -</u>	<u>\$ 912,137</u>	<u>\$ 1,241,853</u>

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NOTES TO FINANCIAL STATEMENTS

12. ENDOWMENT NET ASSETS (continued)

Changes in endowment funds by net asset category were as follows for the year ended December 31, 2014:

Endowment net assets, December 31, 2013	\$ 307,077	\$ -	\$ 760,162	\$ 1,067,239
Investment Return:				
Investment gain	22,472	-	-	22,472
Net appreciation	37,924	-	-	37,924
Investment expenses	(11,044)	-	-	(11,044)
Contributions	<u>-</u>	<u>-</u>	<u>81,216</u>	<u>81,216</u>
Endowment net assets, December 31, 2014	<u>\$ 356,429</u>	<u>\$ -</u>	<u>\$ 841,378</u>	<u>\$ 1,197,807</u>

13. SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date that the financial statements were available to be issued, June 28, 2016, and determined that there were no events that require additional disclosure. No events occurring after this date have been evaluated for inclusion in these financial statements.

SUPPLEMENTAL INFORMATION

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

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO
CHIEF EXECUTIVE OFFICER
YEAR ENDED DECEMBER 31, 2015

Chief Executive Officer: Michael G. Manning

Purpose	Amount
Salary, including incentive and bonus	\$ -
Benefits-insurance	-
Benefits-retirement	-
Deferred compensation	-
Benefits-other	-
Car allowance	-
Vehicle provided by government	-
Cell phone	-
Dues	-
Vehicle rental	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	-
Housing	-
Unvouchered expenses	-
Special meals	-
Other (including payments made by other parties on behalf of the agency head)	-
Total	\$ -

R.S. 24:513 (A) (3) requires reporting of the total compensation, reimbursements, and benefits paid to the agency head or chief executive officer. This law was further amended by Act 462 of the 2015 Regular Session which clarified that nongovernmental or not for profit local auditees are required to report only the compensation, reimbursements, and benefits paid to the agency head or chief executive officer paid from public funds.

This organization is not required to report the total compensation, reimbursements, and benefits paid to the chief executive officer as these costs are supported by private funds.