
THE GREATER BATON ROUGE FOOD BANK

FINANCIAL STATEMENTS

DECEMBER 31, 2007



THE GREATER BATON ROUGE FOOD BANK

FINANCIAL STATEMENTS

DECEMBER 31, 2007

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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, 2007 and 2006, 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Greater Baton Rouge Food Bank's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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, 2007 and 2006, 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 5, 2008, 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 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 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
June 5, 2008

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

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2007 AND 2006

ASSETS

| | 2007 | 2006 |
|--|--------------|--------------|
| <u>CURRENT ASSETS</u> | | |
| Cash and cash equivalents | \$ 991,630 | \$ 1,391,158 |
| Cash - restricted | - | 152,189 |
| Certificates of deposits | 206,355 | - |
| Accounts receivable | 52,931 | 43,711 |
| Promise to give - United Way | 84,824 | - |
| Prepaid expenses | 29,723 | 14,650 |
| Food inventory - donated and purchased | 2,788,194 | 1,850,030 |
| Food inventory - commodities | 54,840 | 103,081 |
| Total current assets | 4,208,497 | 3,554,819 |
| <u>PROPERTY AND EQUIPMENT</u> | | |
| Land | 60,000 | 60,000 |
| Building and building improvements | 1,598,793 | 1,523,324 |
| Vehicles | 192,773 | 207,397 |
| Furniture, fixtures, and equipment | 266,772 | 247,392 |
| | 2,118,338 | 2,038,113 |
| Less: Accumulated depreciation | (873,984) | (758,634) |
| | 1,244,354 | 1,279,479 |
| <u>OTHER ASSETS</u> | | |
| Investments - restricted | 639,556 | 587,028 |
| Certificates of deposit - restricted | - | 204,911 |
| | 639,556 | 791,939 |
| Total assets | \$ 6,092,407 | \$ 5,626,237 |

The accompanying notes are an integral part of these statements.

LIABILITIES AND NET ASSETS

| | <u>2007</u> | <u>2006</u> |
|--|---------------------|---------------------|
| <u>CURRENT LIABILITIES</u> | | |
| Accounts payable | \$ 27,814 | \$ 20,868 |
| Accrued expenses and other liabilities | 8,885 | 8,848 |
| Total current liabilities | <u>36,699</u> | <u>29,716</u> |
| <u>NET ASSETS</u> | | |
| Unrestricted | 5,360,074 | 4,652,393 |
| Temporarily restricted | 288,362 | 556,744 |
| Permanently restricted | 407,272 | 387,384 |
| Total net assets | <u>6,055,708</u> | <u>5,596,521</u> |
| | | |
| Total liabilities and net assets | <u>\$ 6,092,407</u> | <u>\$ 5,626,237</u> |

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

STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2007 AND 2006

| | 2007 | | | |
|--|--------------|---------------------------|---------------------------|--------------|
| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
| <u>REVENUES AND OTHER SUPPORT</u> | | | | |
| Contributions | \$ 504,871 | \$ 37,609 | \$ 19,888 | \$ 562,368 |
| Capital campaign | - | 101,000 | - | 101,000 |
| United Way | 179,658 | 84,824 | - | 264,482 |
| Special events | 120,946 | - | - | 120,946 |
| FEMA | - | 65,256 | - | 65,256 |
| Donated services and materials | 36,226 | - | - | 36,226 |
| America's Second Harvest | 93,895 | - | - | 93,895 |
| Grant revenues | 101,748 | 223,000 | - | 324,748 |
| Local government support | 32,150 | - | - | 32,150 |
| USDA commodities reimbursements | 140,035 | - | - | 140,035 |
| Investment income | 91,016 | - | - | 91,016 |
| Food donations received | 18,636,270 | - | - | 18,636,270 |
| Commodities received | 582,322 | - | - | 582,322 |
| Cluster transportation | 100,799 | - | - | 100,799 |
| Other | 9,729 | - | - | 9,729 |
| Total revenues | 20,629,665 | 511,689 | 19,888 | 21,161,242 |
| Net assets released from restrictions | | | | |
| Satisfaction of purpose of restrictions | 780,071 | (780,071) | - | - |
| Total revenues | 21,409,736 | (268,382) | 19,888 | 21,161,242 |
| <u>EXPENSES</u> | | | | |
| Program | 20,323,051 | - | - | 20,323,051 |
| Administration | 52,557 | - | - | 52,557 |
| Fundraising | 326,447 | - | - | 326,447 |
| Total expenses | 20,702,055 | - | - | 20,702,055 |
| <u>CHANGE IN NET ASSETS</u> | | | | |
| Net assets at beginning of year | 4,652,393 | 556,744 | 387,384 | 5,596,521 |
| Net assets, end of period | \$ 5,360,074 | \$ 288,362 | \$ 407,272 | \$ 6,055,708 |

The accompanying notes are an integral part of these statements.

2006

| Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
|---------------------|------------------------|------------------------|---------------------|
| \$ 412,599 | \$ 38,468 | \$ 30,092 | \$ 481,159 |
| - | 18,250 | - | 18,250 |
| 159,658 | - | - | 159,658 |
| 133,089 | - | - | 133,089 |
| - | 51,758 | - | 51,758 |
| 44,988 | - | - | 44,988 |
| - | 159,312 | - | 159,312 |
| 84,095 | 314,600 | - | 398,695 |
| 25,670 | - | - | 25,670 |
| 345,062 | - | - | 345,062 |
| 109,596 | - | - | 109,596 |
| 12,538,078 | - | - | 12,538,078 |
| 1,274,765 | - | - | 1,274,765 |
| 115,211 | - | - | 115,211 |
| 9,986 | - | - | 9,986 |
| <u>15,252,797</u> | <u>582,388</u> | <u>30,092</u> | <u>15,865,277</u> |
| 403,695 | (403,695) | - | - |
| <u>15,656,492</u> | <u>178,693</u> | <u>30,092</u> | <u>15,865,277</u> |
| 14,498,481 | - | - | 14,498,481 |
| 36,023 | - | - | 36,023 |
| 174,199 | - | - | 174,199 |
| <u>14,708,703</u> | <u>-</u> | <u>-</u> | <u>14,708,703</u> |
| 947,789 | 178,693 | 30,092 | 1,156,574 |
| <u>3,704,604</u> | <u>378,051</u> | <u>357,292</u> | <u>4,439,947</u> |
| <u>\$ 4,652,393</u> | <u>\$ 556,744</u> | <u>\$ 387,384</u> | <u>\$ 5,596,521</u> |

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

STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2007 AND 2006

| | 2007 | | | |
|----------------------------------|---------------|----------------|-------------|---------------|
| | Program | Administration | Fundraising | Total |
| Accounting and professional fees | \$ - | \$ 18,057 | \$ - | \$ 18,057 |
| Advertising | 44,656 | - | 2,850 | 47,506 |
| Capital campaign | - | - | - | - |
| Cluster transportation | 100,799 | - | - | 100,799 |
| Cold storage | 8,630 | - | - | 8,630 |
| Conferences | 12,914 | - | - | 12,914 |
| Depreciation | 150,601 | - | - | 150,601 |
| Direct mail expense | - | - | 109,010 | 109,010 |
| Distribution of commodities | 630,563 | - | - | 630,563 |
| Distribution of donated food | 17,909,977 | - | - | 17,909,977 |
| Dues | 14,363 | - | 917 | 15,280 |
| Fuel and mileage | 43,661 | 1,393 | 1,393 | 46,447 |
| In-Kind expense | 15,600 | - | - | 15,600 |
| Insurance | 174,444 | - | - | 174,444 |
| Investment fees and expenses | 6,079 | - | - | 6,079 |
| Miscellaneous expense | 25,781 | - | 4,409 | 30,190 |
| New program opportunities | 80,000 | - | - | 80,000 |
| Payroll taxes | 54,626 | 1,951 | 8,454 | 65,031 |
| Postage | 7,110 | - | 14,435 | 21,545 |
| Printing and publication | 15,340 | - | 22,074 | 37,414 |
| Repairs and maintenance | 115,219 | - | - | 115,219 |
| Retirement | 11,154 | 398 | 1,726 | 13,278 |
| Salaries | 669,692 | 23,918 | 103,643 | 797,253 |
| Special event expense | - | - | 54,046 | 54,046 |
| Supplies | 16,382 | 4,095 | - | 20,477 |
| Telephone | 7,412 | 1,853 | 3,088 | 12,353 |
| Transportation | 56,578 | - | - | 56,578 |
| Utilities | 53,146 | 537 | - | 53,683 |
| Vehicle leases | 55,553 | - | - | 55,553 |
| Volunteer program | 7,639 | - | 402 | 8,041 |
| Waste disposal | 35,132 | 355 | - | 35,487 |
| | \$ 20,323,051 | \$ 52,557 | \$ 326,447 | \$ 20,702,055 |

The accompanying notes are an integral part of these statements.

2006

| <u>Program</u> | <u>Administration</u> | <u>Fundraising</u> | <u>Total</u> |
|----------------------|-----------------------|--------------------|----------------------|
| \$ - | \$ 9,750 | \$ - | \$ 9,750 |
| 21,796 | - | 1,391 | 23,187 |
| 7,633 | - | - | 7,633 |
| 115,211 | - | - | 115,211 |
| 6,370 | - | - | 6,370 |
| 12,612 | - | - | 12,612 |
| 136,534 | - | - | 136,534 |
| - | - | - | - |
| 1,219,383 | - | - | 1,219,383 |
| 11,918,100 | - | - | 11,918,100 |
| 12,936 | - | 826 | 13,762 |
| 25,031 | 799 | 799 | 26,629 |
| 18,535 | - | - | 18,535 |
| 141,739 | - | - | 141,739 |
| 5,420 | - | - | 5,420 |
| 30,951 | - | 1,411 | 32,362 |
| 2,835 | - | - | 2,835 |
| 41,971 | 1,499 | 6,495 | 49,965 |
| 7,356 | - | 14,936 | 22,292 |
| 18,084 | - | 26,024 | 44,108 |
| 64,020 | - | - | 64,020 |
| 5,338 | 191 | 826 | 6,355 |
| 508,439 | 18,159 | 78,687 | 605,285 |
| - | - | 39,851 | 39,851 |
| 13,232 | 3,308 | - | 16,540 |
| 6,016 | 1,504 | 2,507 | 10,027 |
| 62,970 | - | - | 62,970 |
| 56,480 | 571 | - | 57,051 |
| 7,069 | - | - | 7,069 |
| 8,500 | - | 446 | 8,946 |
| 23,920 | 242 | - | 24,162 |
| <u>\$ 14,498,481</u> | <u>\$ 36,023</u> | <u>\$ 174,199</u> | <u>\$ 14,708,703</u> |

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

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2007 AND 2006

| | 2007 | 2006 |
|--|------------|--------------|
| <u>CASH FLOWS FROM OPERATING ACTIVITIES</u> | | |
| Change in net assets | \$ 459,187 | \$ 1,156,574 |
| Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities: | | |
| Depreciation | 150,601 | 136,534 |
| Unrealized appreciation of investments | (22,458) | (46,155) |
| Donated inventory and other assets | (958,790) | (712,429) |
| Net change in: | | |
| Accounts receivable | (9,220) | (30,648) |
| Promise to give - United Way | (84,824) | - |
| Prepaid expenses | (15,073) | 5,901 |
| Commodities inventory | 48,241 | (55,382) |
| Accounts payable | 6,946 | (21,222) |
| Accrued expenses and other liabilities | 37 | 3,302 |
| Net cash (used in) provided by operating activities | (425,353) | 436,475 |
| <u>CASH FLOWS FROM INVESTING ACTIVITIES</u> | | |
| Expenditures for property and equipment | (94,850) | (180,790) |
| Purchase of investments | (1,444) | (3,075) |
| Net cash used in investing activities | (96,294) | (183,865) |
| <u>CASH FLOWS FROM FINANCING ACTIVITIES</u> | | |
| Change in permanently restricted investments | (30,070) | (38,311) |
| Net cash used in financing activities | (30,070) | (38,311) |
| Net change in cash and cash equivalents | (551,717) | 214,299 |
| Cash and cash equivalents at beginning of year | 1,543,347 | 1,329,048 |
| Cash and cash equivalents at end of year | \$ 991,630 | \$ 1,543,347 |

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 39 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. 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)

Revenue Recognition and Promises to Give (continued)

Grants for fee income are recorded as unrestricted net assets in the Statement of Activities. All grantee-restricted support is reported as an increase in temporarily restricted net assets in the Statement of Activities. When the restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported as net assets released on the Statement of Activities.

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, 2007, the Food Bank's uninsured cash balances totaled approximately \$197,000. Additionally, \$731,174 was held in a U.S. Treasury money market fund by a financial institution.

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

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 related to the Cluster Transportation and various grants. The Food Bank charges off receivables if management considers the collection of the outstanding balance to be doubtful. Management believes that all existing receivables are collectible.

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 \$36,000 and \$45,000 for the years ended December 31, 2007 and 2006, respectively.

Reclassification

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to confirm with current year presentation.

2. TEMPORARILY RESTRICTED NET ASSETS

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

| | <u>2007</u> | <u>2006</u> |
|--------------------------|-------------------|-------------------|
| Generators for agencies | \$ 19,880 | \$ 50,000 |
| Food purchases | - | 34,318 |
| Bucks for Trucks program | 47,658 | - |
| Capital campaign | 101,000 | - |
| Hurricane Katrina | - | 472,426 |
| United Way-2008 | 84,824 | - |
| Cooler/freezer purchase | 35,000 | - |
| | <u>\$ 288,362</u> | <u>\$ 556,744</u> |

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

NOTES TO FINANCIAL STATEMENTS

2. **TEMPORARILY RESTRICTED NET ASSETS** (continued)

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.

3. **PERMANENTLY RESTRICTED NET ASSETS**

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

| | 2007 | 2006 |
|--|------------|------------|
| Endowment Fund; (principal unexpendable; earnings can be used for general mission statement of Food Bank) | \$ 407,272 | \$ 387,384 |

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

The Board of Directors designated \$0 and \$112,762 as of December 31, 2007 and 2006, respectively, of unrestricted net assets for its Capital Campaign.

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 does not meet the criteria for recognition and is not reflected in the accompanying financial statements.

Activity of donated food inventory is summarized as follows:

| | 2007 | 2006 |
|--|---------------|---------------|
| Food inventory, beginning of year | \$ 1,850,030 | \$ 1,164,054 |
| Food donations received | 18,636,270 | 12,538,078 |
| Food purchases | 211,871 | 65,998 |
| Distributed, discarded, and adjustment | (17,909,977) | (11,918,100) |
| Food inventory, end of year | \$ 2,788,194 | \$ 1,850,030 |

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

NOTES TO FINANCIAL STATEMENTS

6. USDA COMMODITIES

The Food Bank participated in the USDA Commodities program during the years ended December 31, 2007 and 2006. 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 cost.

The commodities were as follows:

| | <u>2007</u> | <u>2006</u> |
|--|-------------------|---------------------|
| Commodity inventory, beginning of year | \$ 103,081 | \$ 47,699 |
| Food commodities received | 582,322 | 1,274,765 |
| Distributed, discarded, and adjustment | <u>(630,563)</u> | <u>(1,219,383)</u> |
| Commodity inventory, end of year | <u>\$ 54,840</u> | <u>\$ 103,081</u> |

7. CLUSTER TRANSPORTATION

During 2006, the Food Bank assumed the responsibility as the cluster head for the New Orleans cluster for America's Second Harvest. As the head of the cluster of itself, the Food Bank of Central Louisiana, and the Second Harvest Food Bank of Greater New Orleans and Acadiana, the Food Bank coordinates and pays for the cluster's transportation costs and is then reimbursed monthly by the two other food banks. Cluster transportation revenue is recorded in the accompanying financial statements as unrestricted revenue. Amounts due from the agencies are recognized as a component of accounts receivable.

8. VEHICLE LEASES

The Food Bank began leasing delivery trucks for food distribution in December of 2006. An additional lease was entered into in May of 2007. The terms of the lease require annual rental payments of approximately \$62,000 for the next five years and a final payment of \$14,000 in 2013. Rental expense for the lease was \$55,553 and \$7,069 for the years ended December 31, 2007 and 2006.

9. 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, 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 \$13,278 and \$6,355 to this Plan during the years ended December 31, 2007 and 2006, respectively.

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

NOTES TO FINANCIAL STATEMENTS

10. 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 \$639,556 and \$587,028 as of December 31, 2007 and 2006, 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>2007</u> | <u>2006</u> |
|---|------------------|-------------------|
| Net unrealized gains on endowment fund | \$ 22,458 | \$ 46,155 |
| Dividend and interest (endowment fund) | 2,269 | 14,547 |
| Interest (money market and certificates of deposit) | <u>66,289</u> | <u>48,894</u> |
| | <u>\$ 91,016</u> | <u>\$ 109,596</u> |

11. 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.

12. 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.