

TOP BANANA HOME DELIVERED GROCERIES, INC.

FINANCIAL AUDIT

AUGUST 2005

OFFICE OF AUDITS AND INVESTIGATIONS
PRINCE GEORGE'S COUNTY
UPPER MARLBORO, MARYLAND

August 2005

The County Council and County Executive
of Prince George's County, Maryland

Council Resolution 51-1991, adopted June 25, 1991, requires the Office of Audits and Investigations to perform random financial audits of grants and transfer payments appropriated in the Non-Departmental section of the County's annual current expense budget.

We have examined the books and records of Top Banana Home Delivered Groceries, Inc. for the period July 1, 2002 through June 30, 2003. Our examination included such tests of the accounting records and such other auditing procedures, as we considered necessary under the circumstances. We are not independent with respect to this grant as the Office of Audits and Investigations administers the grant for the Prince George's County Council.

We noted no matters involving the Prince George's County grant to Top Banana Home Delivered Groceries, Inc. that led us to believe that the County grant was spent for other than its intended purpose.

The County Council and County Executive
August 2005
Page -2-

This report, in our opinion, fulfills the requirements of Council Resolution 51-1991 concerning random financial audits of grants and transfer payments made pursuant to the Non-Departmental section of the Prince George's County, Maryland, fiscal year 2003 Approved Current Expense Budget.

David H. Van Dyke, CPA
County Auditor

Raymond L. Rheault
Auditor-In-Charge

Top Banana Home Delivered Groceries, Inc.

The Prince George's County Government provided three grants totaling \$42,400 to Top Banana Home Delivered Groceries, Inc. during the period July 1, 2002 through June 30, 2003. These County FY2003 payments, (a) \$20,000 from Housing & Community Development's FY2003 CDBG grant, (b) \$20,000 from the Prince George's County Council, and (c) \$2,400 from the Department of Family Services, were made between July 17, 2002 and August 6, 2003.

Top Banana Home Delivered Groceries, Inc. (Top Banana) was established in January 1982. Top Banana provides service to people who find the rigors of grocery shopping difficult or impossible. Service areas include: Prince George's, and portions of Montgomery, and Charles Counties in Maryland and Washington, D.C. Having groceries delivered allows these individuals to live healthier, more independent lives, while aging with dignity in their own homes. In 2004, Top Banana was competitively recognized as one of the area's Best Small Charities by the "Catalogue for Philanthropy".

As a Section 501(c) (3) non-profit organization, Top Banana has its own board of directors whose members are made up of a variety of concerned community leaders from business and religious organizations and from the general community. These leaders donate their time in serving the public through this organization.

The nature of Top Banana's mission, the delivery of perishable and dry goods to the homes of individuals for whom normal grocery shopping is difficult or impossible, is unique among non-profit organizations. Top Banana has to shop wholesale for the groceries offered for delivery, develop and maintain a catalogue of items available for purchase (including appropriate retail pricing), develop and maintain a computerized inventory system and client delivery

schedules, hire trustworthy individuals to prepare and deliver the orders (including in many cases putting away groceries for clients and cashing checks), and lease and maintain a fleet of delivery vehicles.

Much of the administrative work, with the notable exception of payroll and the food ordering and client food delivery services, is performed by volunteers. In fact, the inventory and client ordering/delivery scheduling and billing system was originally developed in-house using a FoxPro database system. Much of the hardware and software system upgrade work since then has been provided at a reduced cost by consultants. Most of the furniture and equipment was donated to Top Banana, and the building itself (which was previously rented by the Brandywine Post Office) was sold to Top Banana in 1998 for \$175,000, with \$75,900 donated by the seller (net cost: \$99,100, plus closing).

We examined the records maintained by Top Banana Home Delivered Groceries, Inc. and included tests of the accounting records and such auditing procedures as we considered necessary under the circumstances. Given that the organization issues audited financial statements at the close of each fiscal year (1/1/YY-12/31/YY), employs a professional accounting firm to perform the payroll functions, has an active Board of Directors who receive quarterly interim financial statements and executive reports, and is a United Way Campaign Participant and eligible member of the United Way, Combined Federal Campaign, and the Maryland Charity Campaign, we are not assessing the accuracy of the organization's audited financial reports. However, we did prepare a "pro-forma" Statement of Revenues, Expenses and Changes in Fund Balance for the period July 1, 2002 through June 30, 2003 using the organization's general ledger, and found our report to be similar in most respects to the audited statements as of December 31, 2003. (See Schedule 1).

Schedule 1

**Top Banana Home Delivered Groceries, Inc.
Statement of Revenues, Expenses,
and Changes in Fund Balance
For the Period July 1, 2002 through June 30, 2003**

Beginning Fund Balance, June 30, 2002 **\$480,154 (a)**

Contributions/Revenues:

Sale of Merchandise	\$174,357
Delivery Charge	24,009
Grants	47,400
Donations-Cash and In-kind	9,142
Other Income	<u>3,165</u>
 Total Contributions/Revenue	 \$258,072

Disbursements/Expenses:

Cost of Merchandise	\$116,434
Payroll and related Taxes	80,359
Professional Services	4,872
Supplies and Postage	5,433
Insurance	9,462
Printing	1,364
License and permits	664
Advertising	4,524
Interest and Fees	12,415
Depreciation	50,011
Utilities	11,879
Vehicle Expense	7,105
Other Operating Cost	2,114
Repairs and Maintenance	<u>3,628</u>

Total Disbursements/Expenses: **\$310,264**

**Excess/(deficiency) of Revenues
over/(under) Expenses:** **(\$52,192)**

Ending Fund Balance, June 30, 2003 **\$427,962**

(a): From unaudited interim financial statements as of 6/30/2002 issued by Top Banana to its Board of Directors on July 10, 2002 by Bob Best, Treasurer, Top Banana Home Delivered Groceries, Inc.