

GEORGIA MOUNTAIN FOOD BANK, INC.

GAINESVILLE, GEORGIA



FOR THE YEARS ENDED

June 30, 2015 and 2014

GEORGIA MOUNTAIN FOOD BANK, INC.
GAINESVILLE, GEORGIA

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September 2, 2015

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Georgia Mountain Food Bank, Inc.
Gainesville, Georgia

We have audited the accompanying financial statements of Georgia Mountain Food Bank, Inc. (a nonprofit organization) which comprise the statements of financial position as of June 30, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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 auditor's 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 entity'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 entity'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 Georgia Mountain Food Bank, Inc. as of June 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Alexander, Almand & Bangs, LLP

GEORGIA MOUNTAIN FOOD BANK, INC.
STATEMENTS OF FINANCIAL POSITION

		June 30,	
		2015	2014
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		\$ 87,373	\$ 76,303
Accounts receivable:			
Accounts receivable - pledges		19,225	12,500
Accounts receivable - other		11,718	47,478
Inventory - donated		226,137	236,169
Prepaid expense		24,798	4,665
Total current assets		369,251	377,115
NON-CURRENT ASSETS			
Accounts receivable - non-current pledges		-	4,000
PROPERTY AND EQUIPMENT			
Land and improvements		186,230	186,230
Building		923,288	923,288
Equipment, furniture & fixtures		253,070	248,930
		1,362,588	1,358,448
Less accumulated depreciation		(199,890)	(132,032)
Total property and equipment		1,162,698	1,226,416
TOTAL ASSETS		\$ 1,531,949	\$ 1,607,531
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable		\$ 44,415	\$ 83,675
Accrued payroll liabilities		18,235	13,308
Total current liabilities		62,650	96,983
NET ASSETS			
Unrestricted			
Board designated - property and equipment		1,162,698	1,226,416
Board designated - inventory		226,137	236,169
Undesignated		71,622	37,714
Total unrestricted		1,460,457	1,500,299
Temporarily restricted		8,842	10,249
Total net assets		1,469,299	1,510,548
TOTAL LIABILITIES NET ASSETS		\$ 1,531,949	\$ 1,607,531

The accompanying notes are an integral part of these financial statements.

GEORGIA MOUNTAIN FOOD BANK, INC.
STATEMENTS OF ACTIVITIES

	For the Year Ended June 30, 2015		For the Year Ended June 30, 2014	
	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted
Revenues and Support				
Contributions	\$ 326,387	\$ 6,245	\$ 273,728	\$ -
Fundraising	257,659	-	189,226	-
Grants and foundations	-	60,146	25,000	45,000
Program service revenues	265,153	-	185,092	-
Special events, net	53,314	-	20,576	-
Interest	485	-	151	-
Net assets released from restrictions:				
Satisfaction of payments	67,798	(67,798)	36,262	(36,262)
Total revenues and support before in-kind	970,796	(1,407)	730,035	8,738
In-kind contributions:				
Donated food and product	3,646,276	-	3,157,180	-
Goods and services	4,000	-	21,704	-
Capitalized assets	-	-	-	-
Total in-kind contributions	3,650,276	-	3,178,884	-
Total Revenues and Support	4,621,072	(1,407)	3,908,919	8,738
Expenses				
Program services	4,366,820	-	3,990,929	-
Management and general	134,788	-	130,689	-
Fundraising	150,393	-	147,876	-
Total functional expenses	4,652,001	-	4,269,494	-
Costs of direct donor benefits	8,913	-	13,229	-
Total Expenses	4,660,914	-	4,282,723	-
CHANGE IN NET ASSETS	(39,842)	(1,407)	(373,804)	8,738
NET ASSETS, BEGINNING OF YEAR	1,500,299	10,249	1,874,103	1,511
NET ASSETS, END OF YEAR	\$ 1,460,457	\$ 8,842	\$ 1,500,299	\$ 10,249

The accompanying notes are an integral part of these financial statements.

GEORGIA MOUNTAIN FOOD BANK, INC.
STATEMENTS OF FUNCTIONAL EXPENSES

	For the Year Ended June 30, 2015			For the Year Ended June 30, 2014				
	Program Services	Management & General	Fundraising	Totals	Program Services	Management & General	Fundraising	Totals
Advertising and promotion	\$ 1,884	\$ 324	\$ 34,247	\$ 36,455	\$ 1,469	\$ 330	\$ 34,746	\$ 36,545
Communication and technology	8,405	15,978	153	24,536	8,527	18,193	155	26,875
Depreciation	55,739	9,574	2,545	67,858	53,112	11,919	2,113	67,144
Direct mailings	-	-	87,944	87,944	-	-	92,648	92,648
Food programs	30,758	-	-	30,758	65,160	-	-	65,160
Insurance expense	22,266	2,388	760	25,414	14,837	-	190	15,027
Other employee expenses	4,349	747	199	5,295	9,546	2,142	380	12,068
Other miscellaneous costs	17,980	17,645	2,573	38,198	3,584	2,183	3,196	8,963
Postage and printing	3,667	630	945	5,242	2,597	583	103	3,283
Professional fees	9,857	11,340	450	21,647	501	15,022	110	15,633
Repairs and maintenance	14,360	258	261	14,879	16,139	290	294	16,723
Salaries, wages and benefits	411,106	70,332	19,251	500,689	309,969	72,238	12,661	394,868
Supplies	5,384	-	-	5,384	7,677	1,723	305	9,705
Taxes and licenses	-	-	-	-	486	109	19	614
Transportation	72,748	-	-	72,748	83,864	-	-	83,864
Travel	4,122	708	188	5,018	4,836	1,085	193	6,114
Utilities and occupancy	48,185	864	877	49,926	41,922	751	763	43,436
Total expenses before in-kind	710,810	130,788	150,393	991,991	624,226	126,568	147,876	898,670
In-kind goods and services:								
Donated food and product	3,656,010	-	-	3,656,010	3,349,120	-	-	3,349,120
Goods and services	-	4,000	-	4,000	17,583	4,121	-	21,704
Total in-kind goods and services	3,656,010	4,000	-	3,660,010	3,366,703	4,121	-	3,370,824
Total expenses	\$ 4,366,820	\$ 134,788	\$ 150,393	\$ 4,652,001	\$ 3,990,929	\$ 130,689	\$ 147,876	\$ 4,269,494

The accompanying notes are an integral part of these financial statements.

GEORGIA MOUNTAIN FOOD BANK, INC.
STATEMENTS OF CASH FLOWS

	For the Year Ended June 30,	
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of support and revenues over expenses	\$ (41,249)	\$ (365,066)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	67,858	67,144
Inkind donation - food and product	10,032	138,335
(Increase) decrease in assets:		
Accounts receivable - pledges	(2,725)	14,000
Accounts receivable - other	35,760	(29,077)
Prepaid expenses	(20,133)	(896)
Increase (decrease) in liabilities:		
Accounts payable	(39,260)	73,007
Accrued payroll liabilities	4,927	(4,690)
	15,210	(107,243)
CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of furniture and equipment	(4,140)	(41,945)
CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(4,140)	(41,945)
NET INCREASE IN CASH AND CASH EQUIVALENTS	11,070	(149,188)
CASH AT BEGINNING OF YEAR	76,303	225,491
CASH AT END OF YEAR	\$ 87,373	\$ 76,303
Non-cash transactions consist of in-kind	\$ 3,650,276	\$ 3,178,884
Amounts paid for:		
Interest	\$ -	\$ -
Income Tax	\$ -	\$ -

The accompanying notes are an integral part of the financial statements.

GEORGIA MOUNTAIN FOOD BANK, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2015 and 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Georgia Mountain Food Bank, Inc. (GMFB) was created on November 7, 2007. GMFB is a nonprofit organization with the mission to mobilize resources to fight hunger in our community. The core work of GMFB is the collection and distribution of donated food and other grocery products to charitable agencies in a 5 county service area in northeast Georgia including Dawson, Forsyth, Hall, Lumpkin, and Union counties serving low-income and needy people. GMFB supplements donated and surplus food and products with the purchase of specific food and grocery items. GMFB also conducts hunger research and participates in hunger awareness campaigns in order to educate and inform the public regarding the problems of hunger. GMFB is affiliated with the Atlanta Community Food Bank which is a member of the Feeding America network (formerly America's Second Harvest – The Nation's Food Bank Network).

Primary Programs

The primary program of the GMFB is general food and product distribution to charitable agencies located in a 5 county service area, as mutually contracted with the Atlanta Community Food Bank to be Dawson, Forsyth, Hall, Lumpkin and Union counties. In addition, other GMFB programs include:

Rural Delivery Program: GMFB partners with rural agencies that rely on delivery to their location. Currently, GMFB operates 1 tractor, 3 refrigerated trailers, and 2 refrigerated box trucks and provides direct door-to-door delivery to 18 feeding partners.

Mobile Food Pantries: The majority of the food that GMFB acquires from donors is distributed to clients through the 59 hunger relief partners in northeast Georgia. However, many communities and neighborhoods do not have access to pantries for a number of reasons and the GMFB has responded by utilizing volunteers and delivering food directly to people in need via the bi-monthly mobile pantry program. Mobile Pantries to targeted neighborhoods occur on a scheduled bi-monthly schedule as well as special defined need times throughout the year.

Munch Bunch Snack Program: Provides healthy snacks (including fresh fruits when available) to at-risk children through a variety of existing community locations where they congregate such as Boys & Girls Clubs, churches, after-school programs or public schools. In fiscal year 2014-15, GMFB served over 6,700 pounds of food in area programs.

Senior Brown Bag Program: Provides nutritious food including fresh produce, baked goods, and personal hygiene products to seniors at three sites. On average, 100 seniors are served weekly through this program. GMFB works with Meals on Wheels in Hall County, through the partner agency network to provide emergency food boxes distributed for holidays and/or inclement weather.

Backpacks for Kids: GMFB launched this program to help alleviate childhood hunger. Nutritious, easy-to-prepare foods are sent home in backpacks on Friday afternoons to ensure the child has something to eat until they return for breakfast on Monday morning. Many children in our area are going an entire weekend with little or no food when a school meal is not available. GMFB provides food to multiple backpack programs throughout the 5 county service area. Nutritious food items are gleaned at GMFB and sent out in bulk to fill weekend take home bags for children at risk.

Summer Lunch Bags: Each year, during the summer break of public school systems, the GMFB participates in the USDA Summer Food Service Program, partnering with several local organizations, community groups, businesses and individuals to provide healthy meals to at-risk children. Beginning in 2009, the Summer Lunch Bag program has increased the number of feeding sites and children served year over year. For the summer of 2015, 30,000 meals will be provided through the partnership at 23 sites across 8 counties

GEORGIA MOUNTAIN FOOD BANK, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2015 and 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Basis of Accounting

The financial statements are prepared on the accrual basis in conformity with generally accepted accounting principles.

Basis of Presentation

GMFB follows FASB ASC 958, which establishes standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into three net asset categories according to externally (donor) imposed restrictions. FASB ASC 958 requires that unconditional promises to give be recorded as receivables and revenues and requires the organization to distinguish between contributions received for each net asset category in accordance with donor imposed restrictions. A description of the three net asset categories follows.

Unrestricted net assets have no donor-imposed restrictions,

Temporarily restricted net assets have donor-imposed restrictions that are satisfied either by the passage of time or expenditures that meet the donor-specified purpose, and

Permanently restricted net assets have donor-imposed restrictions which do not expire.

Expiration of Donor-Imposed Restrictions

The expiration of a donor-imposed restriction on a contribution or on endowment income is recognized in the period in which the restriction expires and at that time the related resources are reclassified to unrestricted net assets. The restriction expires when the stipulated time has elapsed, when the specified purpose for which the resource was restricted has been fulfilled, or both. Temporarily restricted revenues whose restrictions are satisfied in the current year are presented as unrestricted revenues. GMFB follows the policy of reporting donor-imposed restricted contributions and endowment income whose restrictions are met within the same fiscal year as unrestricted support.

Public Support and Revenue

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. The main sources of direct public support are from individual and corporate contributors.

Property and Equipment

Property and equipment are valued at actual cost. Donated property and equipment is valued at fair market value at the date of donation. Depreciation is provided using the straight-line basis over the following useful lives:

Building	30	years
Cooler/Freezer	20	years
Furniture and Equipment	3 - 20	years
Land Improvements	15	years

Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

GEORGIA MOUNTAIN FOOD BANK, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2015 and 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Income Tax

Georgia Mountain Food Bank, Inc. qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, therefore, has no provision for income taxes. The Internal Revenue Service has classified the organization as a publicly supported organization under sections 509(a)(1) and 170(b)(1)(A)(vi).

The Agency adopted FASB ASC 740, *Income Taxes Overall Disclosure, Unrecognized Tax Benefit Related Disclosures*, as of January 1, 2009. Management has established procedures to identify any unrecognized tax benefit. There were no unrecognized tax benefits for the year ended June 30, 2015 and 2014.

Cash and Cash Equivalents

GMFB considers only cash accounts and certificates of deposit with maturities of less than three months as cash equivalents.

Inventory

Inventory consists primarily of donated foods and related consumer products. Donated inventory has been valued at \$ 1.69 per pound in 2015 and 2014. This value was derived from Feeding America and management believes it is a fair representation of value.

Contributed Services, Facilities, and Food

GMFB values all donated services and facilities at FMV at the time of the donation. Food donated is valued using an average rate per pound of food.

Advertising

GMFB expenses advertising costs as incurred.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management's estimates.

NOTE 2 - PLEDGES RECEIVABLE

Pledges receivable as of June 30, 2015 and 2014 total \$ 19,225 and \$ 16,500, respectively. All of these amounts are deemed to be fully collectible and no allowance for uncollectible pledges is made. All remaining pledge balances at June 30, 2015 are due within twelve months.

NOTE 3 - ADMINISTRATIVE AND PROGRAM SERVICE ALLOCATION

Expenses are allocated between program, administrative, and fundraising based on estimated percentages and vary with each expenditure.

GEORGIA MOUNTAIN FOOD BANK, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2015 and 2014

NOTE 4 - COMPENSATED ABSENCES

GMFB maintains a compensated absence policy as follows: Sick leave is earned after 3 months of employment and paid at the employee's current pay rate. A cumulative total of 7 days per calendar year are available and unused sick leave is not carried forward to subsequent calendar years. Vacation time is accrued beginning with the first year of employment and may be taken by the employee after one full year of employment. Vacation time earned for the previous calendar year must be used by the end of the current calendar year or it is forfeited. Vacation time is earned on the following schedule of employment and is paid out at the employee's current pay rate:

One year of employment	5 days
Two to five years of employment	10 days
Five to ten years of employment	15 days
Ten years or more of employment	20 days

Any unused paid time off that is available at June 30, 2015 is accrued and included in the Statement of Financial Position under the caption "Accrued payroll liabilities".

NOTE 5 - CONCENTRATIONS OF CREDIT RISK

GMFB maintains its demand deposits at high quality financial institutions. For the years ended June 30, 2015 and 2014 all cash amounts on deposit are fully insured.

NOTE 6 – DONATED FACILITIES, SERVICES, AND FOOD

Goods and Services – Contributed goods and services are recognized by GMFB if the goods and services received (a) create or enhance long-lived assets (b) are required goods necessary for the operations of the GMFB or (c) require specialized skills, which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Donated goods include furniture, fixtures, and equipment. Donated services include professional fees and equipment repair services. The total fair market value of goods and services totals \$ 4,000 and \$ 21,704 for the years ended June 30, 2015 and 2014, respectively.

Food - The GMFB receives a significant amount of contributed food inventory that is recorded in the accompanying financial statements as unrestricted inkind contributions, net of amounts related to food that is unusable or spoiled when received. Food items are valued using a weighted average price per pound determined using studies commissioned by Feeding America, the nation's largest nongovernmental food distribution program.

As of June 30, 2015 and 2014 the weighted average value of contributed food was \$ 1.69 per pound. GMFB receives food donations from local corporations and food drives. These food donations are distributed to partner agencies located in the GMFB's service area. For the year ended June 30, 2015 and 2014 the GMFB received 2,157,560 and 1,868,154 pounds of food valued at \$ 1.69 per pound totaling \$ 3,646,276 and \$ 3,157,180, respectively.

GMFB also acts as a redistribution facility for food donations on behalf of the Atlanta Community Food Bank (ACFB). The GMFB redistributed 2,714,758 and 2,830,927 pounds of food on behalf of the ACFB for the years ended June 30, 2015 and 2014, respectively. These amounts are not included in the donated food in the previous paragraph.

GEORGIA MOUNTAIN FOOD BANK, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2015 and 2014

NOTE 7 – NET ASSETS

Temporarily restricted net assets consist of the following:

	For the Year Ended June 30,	
	2015	2014
Beginning Balance	\$ 10,249	\$ 1,511
Increases:		
United Way	-	25,000
Ga. Food Bank Assn - Arby's	-	20,000
North Ga. Comm. Foundation	5,000	-
Atlanta Community Food Bank	48,646	-
Small/Anonymous	12,745	-
Total Increases	66,391	45,000
Decreases:		
Summer Feeding Program	14,249	36,262
Warehouse Director	40,000	-
Strategic Planning	12,104	-
Other/Misc	1,445	-
Total Decreases	67,798	36,262
Ending Balance	\$ 8,842	\$ 10,249

NOTE 8 – RETIREMENT PLAN

The GMFB maintains a retirement plan for certain employees. The GMFB makes a contribution equal to 7.5% of the qualified employee's salary on a quarterly basis into an account held at Wells Fargo on behalf of the employees. Employees are eligible for this contribution after 3 years of employment. The total employer contribution for the years ended June 30, 2015 and 2014 was \$ 7,519 and \$ 7,543, respectively. These amounts are included in the caption "Salaries, Wages and Benefits".

NOTE 9 – NORTH GEORGIA COMMUNITY FOUNDATION

The North Georgia Community Foundation maintains the GMFB Lindsay Robertson Operating Fund and the GMFB Logistics Building Fund. At June 30, 2015, the funds had balances of \$ 15,599. These funds are not carried on the books of the GMFB.

NOTE 10 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 2, 2015, the date the financial statements were available to be issued, and determined that no material subsequent events have occurred.