GEORGIA MOUNTAIN FOOD BANK, INC.

GAINESVILLE, GEORGIA

FOR THE YEARS ENDED

June 30, 2016 and 2015
# GEORGIA MOUNTAIN FOOD BANK, INC.
GAINESVILLE, GEORGIA

## CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>INDEPENDENT AUDITORS’ REPORT</td>
<td>1</td>
</tr>
<tr>
<td>FINANCIAL STATEMENTS</td>
<td></td>
</tr>
<tr>
<td>Statements of Financial Position</td>
<td>2</td>
</tr>
<tr>
<td>Statements of Activities</td>
<td>3</td>
</tr>
<tr>
<td>Statements of Functional Expenses</td>
<td>4</td>
</tr>
<tr>
<td>Statements of Cash Flows</td>
<td>5</td>
</tr>
<tr>
<td>Notes to the Financial Statements</td>
<td>6-10</td>
</tr>
</tbody>
</table>
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, 2016 and 2015, 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, 2016 and 2015, 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
Gainesville, GA
August 30, 2016
GEORGIA MOUNTAIN FOOD BANK, INC.
STATEMENTS OF FINANCIAL POSITION

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>CURRENT ASSETS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$156,016</td>
<td>$87,373</td>
</tr>
<tr>
<td>Accounts receivable:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts receivable - pledges</td>
<td>-</td>
<td>$19,225</td>
</tr>
<tr>
<td>Accounts receivable - other</td>
<td>$18,660</td>
<td>$11,718</td>
</tr>
<tr>
<td>Inventory - donated</td>
<td>$193,421</td>
<td>$226,137</td>
</tr>
<tr>
<td>Prepaid expense</td>
<td>$2,690</td>
<td>$24,798</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td><strong>$370,787</strong></td>
<td><strong>$369,251</strong></td>
</tr>
<tr>
<td>PROPERTY AND EQUIPMENT</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land and improvements</td>
<td>$186,230</td>
<td>$186,230</td>
</tr>
<tr>
<td>Building</td>
<td>$923,288</td>
<td>$923,288</td>
</tr>
<tr>
<td>Equipment, furniture &amp; fixtures</td>
<td>$253,070</td>
<td>$253,070</td>
</tr>
<tr>
<td><strong>Less accumulated depreciation</strong></td>
<td><strong>(265,290)</strong></td>
<td><strong>(199,890)</strong></td>
</tr>
<tr>
<td><strong>Total property and equipment</strong></td>
<td><strong>$1,097,298</strong></td>
<td><strong>$1,162,698</strong></td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td><strong>$1,468,085</strong></td>
<td><strong>$1,531,949</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES AND NET ASSETS</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>CURRENT LIABILITIES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>$7,079</td>
<td>$44,415</td>
</tr>
<tr>
<td>Deferred income</td>
<td>$15,281</td>
<td>-</td>
</tr>
<tr>
<td>Accrued payroll liabilities</td>
<td>$17,184</td>
<td>$18,235</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td><strong>$39,544</strong></td>
<td><strong>$62,650</strong></td>
</tr>
<tr>
<td>NET ASSETS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrestricted</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Board designated - property and equipment</td>
<td>$1,097,298</td>
<td>$1,162,698</td>
</tr>
<tr>
<td>Board designated - inventory</td>
<td>$193,421</td>
<td>$226,137</td>
</tr>
<tr>
<td>Undesignated</td>
<td>$123,222</td>
<td>$71,622</td>
</tr>
<tr>
<td><strong>Total unrestricted</strong></td>
<td><strong>$1,413,941</strong></td>
<td><strong>$1,460,457</strong></td>
</tr>
<tr>
<td>Temporarily restricted</td>
<td>$14,600</td>
<td>$8,842</td>
</tr>
<tr>
<td><strong>Total net assets</strong></td>
<td><strong>$1,428,541</strong></td>
<td><strong>$1,469,299</strong></td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES AND NET ASSETS</strong></td>
<td><strong>$1,468,085</strong></td>
<td><strong>$1,531,949</strong></td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
<table>
<thead>
<tr>
<th></th>
<th>For the Year Ended June 30, 2016</th>
<th>For the Year Ended June 30, 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Unrestricted</td>
<td>Temporarily Restricted</td>
</tr>
<tr>
<td><strong>Revenues and Support</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions</td>
<td>$ 382,351</td>
<td>$ -</td>
</tr>
<tr>
<td>Fundraising</td>
<td>283,525</td>
<td>-</td>
</tr>
<tr>
<td>Grants and foundations</td>
<td>-</td>
<td>19,250</td>
</tr>
<tr>
<td>Program service revenues</td>
<td>250,047</td>
<td>-</td>
</tr>
<tr>
<td>Special events, net</td>
<td>103,823</td>
<td>-</td>
</tr>
<tr>
<td>Interest</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>Net assets released from restrictions:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Satisfaction of payments</td>
<td>13,492</td>
<td>(13,492)</td>
</tr>
<tr>
<td>Total revenues and support before in-kind</td>
<td>1,033,239</td>
<td>5,758</td>
</tr>
<tr>
<td><strong>In-kind contributions:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Donated food and product</td>
<td>4,039,237</td>
<td>-</td>
</tr>
<tr>
<td>Goods and services</td>
<td>15,180</td>
<td>-</td>
</tr>
<tr>
<td>Total in-kind contributions</td>
<td>4,054,417</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Revenues and Support</strong></td>
<td>5,087,656</td>
<td>5,758</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program services</td>
<td>4,836,058</td>
<td>-</td>
</tr>
<tr>
<td>Management and general</td>
<td>114,516</td>
<td>-</td>
</tr>
<tr>
<td>Fundraising</td>
<td>176,569</td>
<td>-</td>
</tr>
<tr>
<td>Total functional expenses</td>
<td>5,127,143</td>
<td>-</td>
</tr>
<tr>
<td>Costs of direct donor benefits</td>
<td>7,029</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>5,134,172</td>
<td>-</td>
</tr>
<tr>
<td><strong>CHANGE IN NET ASSETS</strong></td>
<td>(46,516)</td>
<td>5,758</td>
</tr>
<tr>
<td><strong>NET ASSETS, BEGINNING OF YEAR</strong></td>
<td>1,460,457</td>
<td>8,842</td>
</tr>
<tr>
<td><strong>NET ASSETS, END OF YEAR</strong></td>
<td>$ 1,413,941</td>
<td>$ 14,600</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
GEORGIA MOUNTAIN FOOD BANK, INC.
STATEMENTS OF FUNCTIONAL EXPENSES

<table>
<thead>
<tr>
<th></th>
<th>For the Year Ended June 30, 2016</th>
<th>For the Year Ended June 30, 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Program Services</td>
<td>Management &amp; Services</td>
</tr>
<tr>
<td>Advertising and promotion</td>
<td>3,286</td>
<td>472</td>
</tr>
<tr>
<td>Bad debts - pledges</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Communication and technology</td>
<td>7,227</td>
<td>20,658</td>
</tr>
<tr>
<td>Depreciation</td>
<td>54,856</td>
<td>7,872</td>
</tr>
<tr>
<td>Direct mailings</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Food programs</td>
<td>55,296</td>
<td>-</td>
</tr>
<tr>
<td>Insurance expense</td>
<td>25,314</td>
<td>2,280</td>
</tr>
<tr>
<td>Other employee expenses</td>
<td>10,646</td>
<td>1,528</td>
</tr>
<tr>
<td>Other miscellaneous costs</td>
<td>16,278</td>
<td>8,566</td>
</tr>
<tr>
<td>Postage and printing</td>
<td>4,419</td>
<td>634</td>
</tr>
<tr>
<td>Professional fees</td>
<td>7,130</td>
<td>1,023</td>
</tr>
<tr>
<td>Repairs and maintenance</td>
<td>11,180</td>
<td>201</td>
</tr>
<tr>
<td>Salaries, wages and benefits</td>
<td>453,057</td>
<td>54,944</td>
</tr>
<tr>
<td>Supplies</td>
<td>4,629</td>
<td>-</td>
</tr>
<tr>
<td>Taxes and licenses</td>
<td>47</td>
<td>7</td>
</tr>
<tr>
<td>Transportation</td>
<td>57,834</td>
<td>-</td>
</tr>
<tr>
<td>Travel</td>
<td>5,718</td>
<td>821</td>
</tr>
<tr>
<td>Utilities and occupancy</td>
<td>45,091</td>
<td>809</td>
</tr>
<tr>
<td>Total expenses before in-kind</td>
<td>762,008</td>
<td>114,215</td>
</tr>
<tr>
<td>In-kind goods and services:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Donated food and product</td>
<td>4,071,953</td>
<td>-</td>
</tr>
<tr>
<td>Goods and services</td>
<td>2,097</td>
<td>301</td>
</tr>
<tr>
<td>Total in-kind goods and services</td>
<td>4,074,050</td>
<td>301</td>
</tr>
<tr>
<td>Total expenses</td>
<td>4,836,058</td>
<td>114,516</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
GEORGIA MOUNTAIN FOOD BANK, INC.  
STATEMENTS OF CASH FLOWS  
For the Years Ended June 30,  
<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CASH FLOWS FROM OPERATING ACTIVITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Excess of support and revenues over expenses</td>
<td>$(40,758)</td>
<td>$(41,249)</td>
</tr>
<tr>
<td>Adjustments to reconcile change in net assets to net cash provided by operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation expense</td>
<td>65,400</td>
<td>67,858</td>
</tr>
<tr>
<td>In-kind donation - food and product</td>
<td>32,716</td>
<td>10,032</td>
</tr>
<tr>
<td>Bad debts expense - pledges</td>
<td>14,400</td>
<td>-</td>
</tr>
<tr>
<td>(Increase) decrease in assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts receivable - pledges</td>
<td>4,825</td>
<td>(2,725)</td>
</tr>
<tr>
<td>Accounts receivable - other</td>
<td>(6,942)</td>
<td>35,760</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>22,108</td>
<td>(20,133)</td>
</tr>
<tr>
<td>Increase (decrease) in liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>(37,336)</td>
<td>(39,260)</td>
</tr>
<tr>
<td>Deferred revenues</td>
<td>15,281</td>
<td>-</td>
</tr>
<tr>
<td>Accrued payroll liabilities</td>
<td>(1,051)</td>
<td>4,927</td>
</tr>
<tr>
<td><strong>CASH PROVIDED (USED) BY OPERATING ACTIVITIES</strong></td>
<td>68,643</td>
<td>15,210</td>
</tr>
<tr>
<td><strong>CASH FLOWS FROM INVESTING ACTIVITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of furniture and equipment</td>
<td>-</td>
<td>(4,140)</td>
</tr>
<tr>
<td><strong>CASH PROVIDED (USED) BY INVESTING ACTIVITIES</strong></td>
<td>-</td>
<td>(4,140)</td>
</tr>
<tr>
<td><strong>NET INCREASE IN CASH AND CASH EQUIVALENTS</strong></td>
<td>68,643</td>
<td>11,070</td>
</tr>
<tr>
<td><strong>CASH AT BEGINNING OF YEAR</strong></td>
<td>87,373</td>
<td>76,303</td>
</tr>
<tr>
<td><strong>CASH AT END OF YEAR</strong></td>
<td>$156,016</td>
<td>$87,373</td>
</tr>
<tr>
<td>Non-cash transactions consist of in-kind</td>
<td>$4,054,417</td>
<td>$3,650,276</td>
</tr>
<tr>
<td>Amounts paid for:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Income Tax</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of the financial statements.
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, 2 refrigerated trailers, and 1 refrigerated box truck and provides direct door-to-door delivery to 19 feeding partners.

- **Mobile Food Pantries:** The majority of the food that GMFB acquires from donors is distributed to clients through the 63 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. The GMFB distributed 193,000 pounds of food under this program.

- **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 2015-16, 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, Sunshine Seniors and Guest House in Hall County, through the partner agency network to provide emergency food boxes distributed for holidays and/or inclement weather. The GMFB distributed 136,201 pounds of food under this program.

- **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 the GMFB service 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. The GMFB distributed 149,277 pounds of food under this program.

- **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 the GMFB service 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. The GMFB distributed 149,277 pounds of food under this program.
NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT’D)

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 and 25,679 pounds of supplemental snacks for meals were provided through the partnership at 23 sites across 8 counties.

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
- 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. 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.
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 years ended June 30, 2016 and 2015.

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 2016 and 2015. This value was derived from Feeding America estimates and management believes it is a fair representation of value.

Contributed Services, Facilities, and Food Valuation

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, 2016 and 2015 total $0 and $19,225, respectively. During the current year, the GMFB wrote off $14,400 of the prior year pledges as bad debt expense and collected the remaining prior year balance.

NOTE 3 - ADMINISTRATIVE AND PROGRAM SERVICE ALLOCATION

Expenses are allocated between program, management and general, and fundraising based on estimated percentages and vary with each expenditure.
NOTE 4 - COMPENSATED ABSENCES

GMFB maintains a compensated absence policy as follows: Vacation time is earned based on the work hours and length of continuous service. On the last working day of the month following six months of continuous service, a full time employee will be credited with 40 hours of vacation time. Thereafter, vacation is credited on a monthly basis. Employees can carryover 40 hours of vacation time from one year to the next on a calendar basis. Unused vacation time will be paid to the employee at their current rate of pay upon termination of employment. A full time employee scheduled to work 40 hours per week earns vacation time as follows (part time employees are prorated):

<table>
<thead>
<tr>
<th>Service Duration</th>
<th>Vacation Time</th>
</tr>
</thead>
<tbody>
<tr>
<td>6 months</td>
<td>40 hrs</td>
</tr>
<tr>
<td>7 months to 2 years</td>
<td>3.33 hrs/mo</td>
</tr>
<tr>
<td>2+ to 5 years</td>
<td>6.67 hrs/mo</td>
</tr>
<tr>
<td>5+ to 10 years</td>
<td>10 hrs/mo</td>
</tr>
<tr>
<td>10+ years</td>
<td>13.34 hrs/mo</td>
</tr>
</tbody>
</table>

Any unused vacation time that is available at June 30 is accrued and included in the Statement of Financial Position under the caption “Accrued payroll liabilities”.

Employees with more than three months of full time employment are awarded 7 days of sick leave annually. Unused sick leave remaining at the end of the calendar year or upon termination is forfeited.

NOTE 5 - CONCENTRATIONS OF CREDIT RISK

GMFB maintains its demand deposits at high quality financial institutions. For the years ended June 30, 2016 and 2015 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 and services include repairs, advertising, and professional fees. The total fair market value of goods and services totals $15,180 and $4,000 for the years ended June 30, 2016 and 2015, respectively.

Food - The GMFB receives a significant amount of contributed food inventory that is recorded in the accompanying financial statements as unrestricted in-kind 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, 2016 and 2015 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 years ended June 30, 2016 and 2015 the GMFB received 2,390,081 and 2,157,560 pounds of food valued at $1.69 per pound totaling $4,039,237 and $3,646,276, respectively.

GMFB also acts as a redistribution facility for food donations on behalf of the Atlanta Community Food Bank (ACFB). The GMFB redistributed 2,822,044 and 2,714,758 pounds of food on behalf of the ACFB for the years ended June 30, 2016 and 2015, respectively. These amounts are not included in the donated food in the previous paragraph.
NOTE 7 – NET ASSETS

Temporarily restricted net assets consist of the following:

<table>
<thead>
<tr>
<th></th>
<th>For the Years Ended June 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2016</td>
</tr>
<tr>
<td>Beginning Balance</td>
<td>$8,842</td>
</tr>
<tr>
<td>Increases:</td>
<td></td>
</tr>
<tr>
<td>United Way</td>
<td>15,000</td>
</tr>
<tr>
<td>Clipper</td>
<td>4,000</td>
</tr>
<tr>
<td>North Ga. Comm. Foundation</td>
<td>-</td>
</tr>
<tr>
<td>Atlanta Community Food Bank</td>
<td>-</td>
</tr>
<tr>
<td>Small/Anonymous</td>
<td>250</td>
</tr>
<tr>
<td>Total Increases</td>
<td>19,250</td>
</tr>
<tr>
<td>Decreases:</td>
<td></td>
</tr>
<tr>
<td>Food Programs</td>
<td>(7,750)</td>
</tr>
<tr>
<td>Warehouse Director</td>
<td>-</td>
</tr>
<tr>
<td>Strategic Planning</td>
<td>(5,742)</td>
</tr>
<tr>
<td>Other/Misc</td>
<td>-</td>
</tr>
<tr>
<td>Total Decreases</td>
<td>(13,492)</td>
</tr>
<tr>
<td>Ending Balance</td>
<td>$14,600</td>
</tr>
</tbody>
</table>

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, 2016 and 2015 was $7,673 and $7,519, 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, 2016, the funds had balances of $15,676. These funds are not carried on the books of the GMFB.

NOTE 10 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 30, 2016, the date the financial statements were available to be issued, and determined that no material subsequent events have occurred.