

GEORGIA MOUNTAIN FOOD BANK, INC.

GAINESVILLE, GEORGIA



FOR THE YEARS ENDED

June 30, 2014 and 2013

GEORGIA MOUNTAIN FOOD BANK, INC.  
GAINESVILLE, GEORGIA

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November 13, 2014

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 statement of financial position as of June 30, 2014 and 2013, 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, 2014 and 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

GEORGIA MOUNTAIN FOOD BANK, INC.  
STATEMENTS OF FINANCIAL POSITION

ASSETS	June 30,	
	2014	2013
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 76,303	\$ 225,491
Accounts receivable:		
Accounts receivable - pledges	12,500	10,167
Accounts receivable - other	47,478	18,401
Inventory - donated	236,169	374,504
Prepaid expense	4,665	3,769
	377,115	632,332
<b>NON-CURRENT ASSETS</b>		
Accounts receivable - non-current pledges	4,000	20,333
<b>PROPERTY AND EQUIPMENT</b>		
Land	157,500	157,500
Land improvements	28,730	28,730
Building	923,288	923,288
Equipment, furniture & fixtures	248,930	206,985
	1,358,448	1,316,503
Less accumulated depreciation	(132,032)	(64,888)
	1,226,416	1,251,615
<b>TOTAL ASSETS</b>	<b>\$ 1,607,531</b>	<b>\$ 1,904,280</b>

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

GEORGIA MOUNTAIN FOOD BANK, INC.  
STATEMENTS OF FINANCIAL POSITION

	June 30,	
	<u>2014</u>	<u>2013</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 83,675	\$ 10,668
Accrued payroll liabilities	<u>13,308</u>	<u>17,998</u>
Total current liabilities	<u>96,983</u>	<u>28,666</u>
NET ASSETS		
Unrestricted		
Board designated - property and equipment	1,226,416	1,251,615
Board designated - inventory	236,169	374,504
Undesignated	<u>37,714</u>	<u>247,984</u>
Total unrestricted	1,500,299	1,874,103
Temporarily restricted	<u>10,249</u>	<u>1,511</u>
Total net assets	<u>1,510,548</u>	<u>1,875,614</u>
TOTAL LIABILITIES NET ASSETS	<u>\$ 1,607,531</u>	<u>\$ 1,904,280</u>



'til no one is hungry

GEORGIA MOUNTAIN FOOD BANK, INC.  
STATEMENTS OF ACTIVITIES

	For the Year Ended June 30, 2014			For the Year Ended June 30, 2013		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>Revenues and Support</b>						
Contributions	\$ 273,728	\$ -	\$ 273,728	\$ 282,900	\$ -	\$ 282,900
Fundraising	189,226	-	189,226	215,171	-	215,171
Grants and foundations	25,000	45,000	70,000	134,166	529,047	663,213
Program service revenues	185,092	-	185,092	97,153	-	97,153
Special events, net	20,576	-	20,576	8,805	-	8,805
Interest	151	-	151	61	-	61
Net assets released from restrictions:						
Satisfaction of payments	36,262	(36,262)	-	529,715	(529,715)	-
Total revenues and support before in-kind	730,035	8,738	738,773	1,267,971	(668)	1,267,303
In-kind contributions:						
Donated food and product	3,157,180	-	3,157,180	2,331,243	-	2,331,243
Goods and services	21,704	-	21,704	23,049	-	23,049
Capitalized assets	-	-	-	35,953	-	35,953
Total in-kind contributions	3,178,884	-	3,178,884	2,390,245	-	2,390,245
<b>Total Revenues and Support</b>	<b>3,908,919</b>	<b>8,738</b>	<b>3,917,657</b>	<b>3,658,216</b>	<b>(668)</b>	<b>3,657,548</b>
<b>Expenses</b>						
Program Services	3,990,929	-	3,990,929	2,478,582	-	2,478,582
Management and general	130,689	-	130,689	89,995	-	89,995
Fundraising	147,876	-	147,876	146,689	-	146,689
Total functional expenses	4,269,494	-	4,269,494	2,715,266	-	2,715,266
Costs of direct donor benefits	13,229	-	13,229	1,249	-	1,249
<b>Total Expenses</b>	<b>4,282,723</b>	<b>-</b>	<b>4,282,723</b>	<b>2,716,515</b>	<b>-</b>	<b>2,716,515</b>
<b>CHANGE IN NET ASSETS</b>	<b>(373,804)</b>	<b>8,738</b>	<b>(365,066)</b>	<b>941,701</b>	<b>(668)</b>	<b>941,033</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>1,874,103</b>	<b>1,511</b>	<b>1,875,614</b>	<b>932,402</b>	<b>2,179</b>	<b>934,581</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 1,500,299</b>	<b>\$ 10,249</b>	<b>\$ 1,510,548</b>	<b>\$ 1,874,103</b>	<b>\$ 1,511</b>	<b>\$ 1,875,614</b>

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, 2014				For the Year Ended June 30, 2013			
	Program Services	Management & General	Fundraising	Totals	Program Services	Management & General	Fundraising	Totals
Advertising and promotion	\$ 1,469	\$ 330	\$ 34,746	\$ 36,545	\$ 18,797	\$ 1,993	\$ 7,690	\$ 28,480
Communication and technology	8,527	18,193	155	26,875	15,393	4,130	3,100	22,623
Depreciation	53,112	11,919	2,113	67,144	44,465	5,558	5,558	55,581
Direct Mailings	-	-	92,648	92,648	-	-	106,074	106,074
Food Programs	65,160	-	-	65,160	42,766	-	-	42,766
Insurance expense	14,837	-	190	15,027	9,615	10,156	1,011	20,782
Other employee expenses	9,546	2,142	380	12,068	6,095	3,767	299	10,161
Other miscellaneous costs	3,584	2,183	3,196	8,963	8,930	6,228	87	15,245
Postage	2,597	583	103	3,283	2,752	118	1,061	3,931
Professional fees	501	15,022	110	15,633	384	7,978	-	8,362
Printing and publications	-	-	-	-	3,483	-	956	4,439
Repairs and maintenance	16,139	290	294	16,723	3,253	244	-	3,497
Salaries, wages and benefits	309,969	72,238	12,661	394,868	269,307	41,615	16,354	327,276
Supplies	7,677	1,723	305	9,705	18,336	1,016	587	19,939
Taxes and licenses	486	109	19	614	1,893	-	-	1,893
Transportation	83,864	-	-	83,864	38,464	-	-	38,464
Travel	4,836	1,085	193	6,114	6,918	71	143	7,132
Utilities and occupancy	41,922	751	763	43,436	23,169	5,323	2,818	31,310
Total expenses before in-kind	<u>624,226</u>	<u>126,568</u>	<u>147,876</u>	<u>898,670</u>	<u>514,020</u>	<u>88,197</u>	<u>145,738</u>	<u>747,955</u>
In-kind goods and services:								
Donated food and product	3,349,120	-	-	3,349,120	1,956,739	-	-	1,956,739
Goods and services	17,583	4,121	-	21,704	7,823	1,798	951	10,572
Total in-kind goods and services	<u>3,366,703</u>	<u>4,121</u>	<u>-</u>	<u>3,370,824</u>	<u>1,964,562</u>	<u>1,798</u>	<u>951</u>	<u>1,967,311</u>
Total expenses	<u>\$ 3,990,929</u>	<u>\$ 130,689</u>	<u>\$ 147,876</u>	<u>\$ 4,269,494</u>	<u>\$ 2,478,582</u>	<u>\$ 89,995</u>	<u>\$ 146,689</u>	<u>\$ 2,715,266</u>

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,	
	2014	2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Excess of support and revenues over expenses	\$ (365,066)	\$ 941,033
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	67,144	55,581
Inkind donation - food and product	138,335	(374,504)
Inkind donation - capitalized assets	-	(35,953)
(Increase) decrease in assets:		
Accounts receivable - pledges	14,000	(30,470)
Accounts receivable - other	(29,077)	(17,012)
Prepaid expenses	(896)	(3,769)
Increase (decrease) in liabilities:		
Accounts payable	73,007	2,768
Accrued payroll liabilities	(4,690)	10,798
<b>CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>(107,243)</b>	<b>548,472</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of building & equipment - inkind (capital)	-	(1,097,534)
Purchase of furniture and equipment	(41,945)	-
Construction in progress	-	711,367
<b>CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>(41,945)</b>	<b>(386,167)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(149,188)</b>	<b>162,305</b>
<b>CASH AT BEGINNING OF YEAR</b>	<b>225,491</b>	<b>63,186</b>
<b>CASH AT END OF YEAR</b>	<b>\$ 76,303</b>	<b>\$ 225,491</b>
Non-cash transactions consist of in-kind	<b>\$ 3,178,884</b>	<b>\$ 2,390,245</b>
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, 2014 and 2013

**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 distribution: GMFB's core program which includes the distribution of food and products 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 57 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 mobile pantry program.

**Munch Bunch Snack Program:** Provides healthy snacks 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 2013-14, GMFB served over 500 enrolled 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, 80 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 a pilot program in Blairsville, Ga. (Union county) in the fall of 2013. Partnering with church groups and community service organizations in the area, the Food Bank provided take home bags of nutritious food to 1,927 elementary children enrolled in the Union county school system.

**Community Assistance Programs:** In the tax season of 2013, the GMFB participated in the Volunteer Income Tax Assistance (VITA) program operated by the Gainesville Community Service Center, serving as trained volunteers that provide free tax filing assistance to low-and-moderate-income workers, applying for Earned Income Tax Credit (EITC) and the Child Tax Credit. GMFB operated a site at the Boomershine Family Logistics Center for tax season 2014, once again partnering with the Gainesville Community Service Center.

GEORGIA MOUNTAIN FOOD BANK, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
For the Years Ended June 30, 2014 and 2013

**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 2010, the Summer Lunch Bag program has increased the number of feeding sites and children served year over year. By June 30, 2014, 20,584 children were served under this program.

**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

GEORGIA MOUNTAIN FOOD BANK, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
For the Years Ended June 30, 2014 and 2013

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

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.

**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, 2014 and 2013.

**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 2014 and 2013. 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, 2014 and 2013 total \$ 16,500 and \$ 30,500, respectively. All of these amounts are deemed to be fully collectible and no allowance for uncollectible pledges is made. All of these pledges are for general support. Of these amounts, \$ 12,500 is deemed collectible within the next year and \$ 4,000 by fiscal year end 2015.

**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, 2014 and 2013

**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

**NOTE 5 - CONCENTRATIONS OF CREDIT RISK**

GMFB maintains its demand deposits at high quality financial institutions. For the years ended June 30, 2014 and 2013 all cash amounts on deposit are fully insured.

**NOTE 6 – DONATED FACILITIES, SERVICES, AND FOOD**

**Goods, Services, and Occupancy** – 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 \$ 21,704 and \$ 52,877 for the years ended June 30, 2014 and 2013, respectively. For approximately six weeks in the prior year, the GMFB conducted operations out of a donated operations center. Donated facilities are recorded at their fair market value at the time of donation. The total fair market value of donated facilities totals \$ 6,125 during the prior year.

**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 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, 2014 and 2013 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, 2014 and 2013 the Agency received 1,868,154 and 1,379,434 pounds of food valued at \$ 1.69 per pound totaling \$ 3,157,180 and \$ 2,331,243, respectively.

GMFB also acts as a redistribution facility for food donations on behalf of the Atlanta Community Food Bank (ACFB). The Agency redistributed 1,032,775 and 1,175,873 pounds of food on behalf of the ACFB for the years ended June 30, 2014 and 2013, 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, 2014 and 2013

**NOTE 7 – NET ASSETS**

Temporarily restricted net assets consist of the following:

	For the Year Ended June 30,	
	2014	2013
Beginning Balance	\$ 1,511	\$ 2,179
Increases:		
United Way	25,000	-
Ga. Food Bank Ass - Arby's	20,000	-
North Ga. Comm. Foundation	-	319,047
Jackson EMC	-	10,000
Anonymous Donor	-	200,000
Total Increases	45,000	529,047
Decreases:		
Summer Feeding Program	36,262	10,668
Warehouse Director	-	-
Capital Campaign	-	519,047
Total Decreases	36,262	529,715
Ending Balance	\$ 10,249	\$ 1,511

**NOTE 8 – RETIREMENT PLAN**

In the prior year, the GMFB implemented a retirement plan on behalf of the employees of the GMFB. 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 employee. Employees are eligible for this contribution after 3 years of employment. The total employer contribution for the years ended June 30, 2014 and 2013 was \$ 7,543 and \$ 9,111, 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, 2014, the funds had balances of \$ 15,242. These funds are not carried on the books of the GMFB.

**NOTE 10 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through November 13, 2014, the date the financial statements were available to be issued, and determined that no material subsequent events have occurred.