

GEORGIA MOUNTAIN FOOD BANK, INC.

GAINESVILLE, GEORGIA



FOR THE YEARS ENDED

June 30, 2017 and 2016

GEORGIA MOUNTAIN FOOD BANK, INC.  
GAINESVILLE, GEORGIA

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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, 2017 and 2016, 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, 2017 and 2016, 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*

Alexander, Almand & Bangs, LLP  
Gainesville, GA  
September 15, 2017

GEORGIA MOUNTAIN FOOD BANK, INC.  
STATEMENTS OF FINANCIAL POSITION

		June 30,	
		2017	2016
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$	250,436	\$ 156,016
Accounts receivable		28,887	18,660
Inventory - donated		302,084	193,421
Prepaid expenses and deposits		8,366	2,690
Total current assets		589,773	370,787
<b>PROPERTY AND EQUIPMENT</b>			
Land and improvements		186,230	186,230
Building		923,288	923,288
Equipment, furniture & fixtures		242,683	253,070
		1,352,201	1,362,588
Less accumulated depreciation		(317,783)	(265,290)
Total property and equipment		1,034,418	1,097,298
Total ASSETS	\$	1,624,191	\$ 1,468,085
<b>LIABILITIES AND NET ASSETS</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	\$	13,123	\$ 7,079
Deferred income		39,561	15,281
Accrued payroll liabilities		15,376	17,184
Total current liabilities		68,060	39,544
<b>NET ASSETS</b>			
<b>Unrestricted</b>			
Board designated - property and equipment		1,034,418	1,097,298
Board designated - inventory		298,509	193,421
Undesignated		184,919	123,222
Total unrestricted		1,517,846	1,413,941
Temporarily restricted		38,285	14,600
Total net assets		1,556,131	1,428,541
Total LIABILITIES AND NET ASSETS	\$	1,624,191	\$ 1,468,085

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, 2017			For the Year Ended June 30, 2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenues and Support						
Contributions	\$ 464,752	\$ -	\$ 464,752	\$ 382,351	\$ -	\$ 382,351
Fundraising	261,289	-	261,289	283,525	-	283,525
Grants and foundations	62,085	50,000	112,085	-	19,250	19,250
Program service revenues	244,175	-	244,175	250,047	-	250,047
Special events	94,885	-	94,885	103,823	-	103,823
Interest	8	-	8	1	-	1
Gain (loss) on disposition of fixed asset	(9,747)	-	(9,747)	-	-	-
Net assets released from restrictions:						
Satisfaction of payments	26,315	(26,315)	-	13,492	(13,492)	-
Total revenues and support before in-kind	<u>1,143,762</u>	<u>23,685</u>	<u>1,167,447</u>	<u>1,033,239</u>	<u>5,758</u>	<u>1,038,997</u>
In-kind contributions:						
Donated food and product	3,857,913	-	3,857,913	4,039,237	-	4,039,237
Goods and services	33,922	-	33,922	15,180	-	15,180
Total in-kind contributions	<u>3,891,835</u>	<u>-</u>	<u>3,891,835</u>	<u>4,054,417</u>	<u>-</u>	<u>4,054,417</u>
Total Revenues and Support	<u>5,035,597</u>	<u>23,685</u>	<u>5,059,282</u>	<u>5,087,656</u>	<u>5,758</u>	<u>5,093,414</u>
Expenses						
Program services	4,575,440	-	4,575,440	4,836,058	-	4,836,058
Management and general	115,515	-	115,515	114,516	-	114,516
Fundraising	230,769	-	230,769	176,569	-	176,569
Total functional expenses	4,921,724	-	4,921,724	5,127,143	-	5,127,143
Costs of direct donor benefits	9,968	-	9,968	7,029	-	7,029
Total Expenses	<u>4,931,692</u>	<u>-</u>	<u>4,931,692</u>	<u>5,134,172</u>	<u>-</u>	<u>5,134,172</u>
CHANGE IN NET ASSETS	103,905	23,685	127,590	(46,516)	5,758	(40,758)
NET ASSETS, BEGINNING OF YEAR	<u>1,413,941</u>	<u>14,600</u>	<u>1,428,541</u>	<u>1,460,457</u>	<u>8,842</u>	<u>1,469,299</u>
NET ASSETS, END OF YEAR	<u>\$ 1,517,846</u>	<u>\$ 38,285</u>	<u>\$ 1,556,131</u>	<u>\$ 1,413,941</u>	<u>\$ 14,600</u>	<u>\$ 1,428,541</u>

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, 2017				For the Year Ended June 30, 2016			
	Program Services	Management & General	Fundraising	Totals	Program Services	Management & General	Fundraising	Totals
Advertising and promotion	\$ 4,425	\$ 632	\$ 58,161	\$ 63,218	\$ 3,286	\$ 472	\$ 44,437	\$ 48,195
Bad debts - pledges	-	-	-	-	-	14,400	-	14,400
Communication and technology	10,700	5,350	5,350	21,400	7,227	20,658	132	28,017
Depreciation	51,272	7,325	2,441	61,038	54,856	7,872	2,672	65,400
Direct mailings	-	-	98,826	98,826	-	-	90,339	90,339
Food programs	77,075	-	-	77,075	55,296	-	-	55,296
Insurance expense	23,385	2,102	788	26,275	25,314	2,280	904	28,498
Other employee expenses	16,348	2,335	778	19,461	10,646	1,528	519	12,693
Other miscellaneous costs	6,650	12,585	7,700	26,935	16,278	8,566	3,308	28,152
Postage and printing	3,557	559	1,473	5,589	4,419	634	761	5,814
Professional fees	5,183	10,840	4,553	20,576	7,130	1,023	347	8,500
Repairs and maintenance	10,481	1,165	-	11,646	11,180	201	203	11,584
Salaries, wages and benefits	464,444	66,349	22,116	552,909	453,057	54,944	19,063	527,064
Supplies	10,216	-	4,604	14,820	4,629	-	-	4,629
Taxes and licenses	-	50	-	50	47	7	2	56
Transportation	81,131	-	-	81,131	57,834	-	-	57,834
Travel	5,264	752	251	6,267	5,718	821	279	6,818
Utilities and occupancy	49,737	769	769	51,275	45,091	809	821	46,721
Total expenses before in-kind	<u>819,868</u>	<u>110,813</u>	<u>207,810</u>	<u>1,138,491</u>	<u>762,008</u>	<u>114,215</u>	<u>163,787</u>	<u>1,040,010</u>
In-kind goods and services:								
Donated food and product	3,749,250	-	-	3,749,250	4,071,953	-	-	4,071,953
Goods and services	6,322	4,702	22,959	33,983	2,097	301	12,782	15,180
Total in-kind goods and services	<u>3,755,572</u>	<u>4,702</u>	<u>22,959</u>	<u>3,783,233</u>	<u>4,074,050</u>	<u>301</u>	<u>12,782</u>	<u>4,087,133</u>
Total expenses	<u>\$ 4,575,440</u>	<u>\$ 115,515</u>	<u>\$ 230,769</u>	<u>\$ 4,921,724</u>	<u>\$ 4,836,058</u>	<u>\$ 114,516</u>	<u>\$ 176,569</u>	<u>\$ 5,127,143</u>

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,	
	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of support and revenues over expenses	\$ 127,590	\$ (40,758)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	61,038	65,400
In-kind donation - food and product	(108,663)	32,716
Loss on sale of fixed assets	9,747	-
Bad debts expense - pledges	-	14,400
(Increase) decrease in assets:		
Accounts receivable - pledges	-	4,825
Accounts receivable - other	(10,227)	(6,942)
Prepaid expenses	(5,676)	22,108
Increase (decrease) in liabilities:		
Accounts payable	6,044	(37,336)
Deferred revenues	24,280	15,281
Accrued payroll liabilities	(1,808)	(1,051)
	102,325	68,643
CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of furniture and equipment	(15,905)	-
Proceeds from sale of furniture and equipment	8,000	-
	(7,905)	-
CASH PROVIDED (USED) BY INVESTING ACTIVITIES		
NET INCREASE IN CASH AND CASH EQUIVALENTS	94,420	68,643
CASH AT BEGINNING OF YEAR	156,016	87,373
CASH AT END OF YEAR	\$ 250,436	\$ 156,016
Non-cash transactions consist of in-kind	\$ 3,891,835	\$ 4,054,417
Amounts paid for:		
Interest	\$ -	\$ -
Income Tax	\$ -	\$ -

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

GEORGIA MOUNTAIN FOOD BANK, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
For the Years Ended June 30, 2017 and 2016

**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 65 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 172,634 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 2016-17, GMFB served over 4,266 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 238,050 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 146,945 pounds of food under this program.



GEORGIA MOUNTAIN FOOD BANK, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
For the Years Ended June 30, 2017 and 2016

**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 2016, 30,000 meals and 19,007 pounds of supplemental snacks for meals were provided through the partnership at 23 sites across 8 counties.

**Prescription Food:** In November of 2016 GMFB began a pilot program with three local clinics providing “food prescriptions” for patients that are struggling with food insecurity and targeting patients within their diabetes education and oncology departments. GMFB provides food boxes that meet the special dietary needs of these patients. In FY 2017 GMFB has provided 2,756 pounds of food to the clinics participating.

**PIN Program:** PIN stands for Person in Need. Although the GMFB primary focus is getting food into the hands of our Agencies that distribute the food to those in need, we have individuals come to the Food Bank in search of emergency food assistance. We provide a PIN Box, enough for approximately a family of four for two days along with a list of pantries in their area. In FY 2017 GMFB distributed 14,104 pounds of food through the PIN 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

**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.

GEORGIA MOUNTAIN FOOD BANK, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
For the Years Ended June 30, 2017 and 2016

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

**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.

**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, 2017 and 2016.

**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 2017 and 2016. This value was derived from Feeding America estimates and management believes it is a fair representation of value.

**Deferred income**

Deferred income includes amounts received in advance for special events held subsequent to the date of the financial statements which are not deemed as earned until the events take place.

**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.

**Estimates**

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

GEORGIA MOUNTAIN FOOD BANK, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
For the Years Ended June 30, 2017 and 2016

**NOTE 2 - 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 3 - COMPENSATED ABSENCES**

GMFB maintains a compensated absence policy as follows: employees earn paid time off based on years of service and are 1 week up to 4 weeks. Paid time off is awarded at the beginning of the employee's anniversary and expires annually. Unused paid time off may not be carried forward. If employment terminates for any reason, unused paid time off is forfeited. Due to the nature of the compensated absence policy, no accrual for unused paid time off is made.

**NOTE 4 - CONCENTRATIONS OF CREDIT RISK**

GMFB maintains its demand deposits at high quality financial institutions. For the years ended June 30, 2017 and 2016 all cash amounts on deposit are fully insured.

**NOTE 5 – 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 \$ 33,922 and \$ 15,180 for the years ended June 30, 2017 and 2016, 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, 2017 and 2016 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, 2017 and 2016 the GMFB received 2,282,789 and 2,390,081 pounds of food totaling \$ 3,857,913 and \$ 4,039,237, respectively.

GMFB also acts as a redistribution facility for food donations on behalf of the Atlanta Community Food Bank (ACFB). The GMFB redistributed 3,031,251 and 2,822,044 pounds of food on behalf of the ACFB for the years ended June 30, 2017 and 2016, respectively. These amounts are not included in the donated food in the previous paragraph.

**NOTE 6 – 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 monthly basis into an account on behalf of the eligible employees. Employees are eligible for this contribution after 3 years of employment. The total employer contribution for the years ended June 30, 2017 and 2016 was \$ 8,569 and \$ 7,673, respectively. These amounts are included in the caption "Salaries, Wages and Benefits".

GEORGIA MOUNTAIN FOOD BANK, INC.  
 NOTES TO THE FINANCIAL STATEMENTS  
 For the Years Ended June 30, 2017 and 2016

**NOTE 7 – LEASES**

The agency entered into an operating lease agreement for a box truck during the current year. The terms of the lease called for a refundable security deposit in the amount of \$ 5,000 and 84 fixed monthly lease payments in the amount of \$ 1,601.87. The remaining obligation under the operating lease totals 75 fixed payments totaling \$ 120,140.

**NOTE 8 – NET ASSETS**

Temporarily restricted net assets consist of the following:

	For the Years Ended June 30,	
	2017	2016
Beginning Balance	\$ 14,600	\$ 8,842
Increases:		
United Way	22,000	15,000
Jackson EMC	13,000	4,000
Riverstone	5,000	-
Chalovich	10,000	-
Small/Anonymous	-	250
Total Increases	50,000	19,250
Decreases:		
Food Programs	(21,500)	(7,750)
Strategic Planning	-	(5,742)
Warehouse equipment	(4,815)	-
Total Decreases	(26,315)	(13,492)
Ending Balance	\$ 38,285	\$ 14,600

**NOTE 9 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through September 15, 2017, the date the financial statements were available to be issued, and determined that no material subsequent events have occurred.