



GAINESVILLE, GEORGIA
FINANCIAL STATEMENTS
FOR THE YEARS ENDED
June 30, 2020 and 2019

GEORGIA MOUNTAIN FOOD BANK, INC.
GAINESVILLE, GEORGIA

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Management of
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, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Managements' 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 auditors' 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, 2020 and 2019, 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, Georgia
November 17, 2020

GEORGIA MOUNTAIN FOOD BANK, INC.
STATEMENTS OF FINANCIAL POSITION

		June 30,	
		2020	2019
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		\$ 1,179,118	\$ 157,893
Accounts receivable		30,034	34,723
Inventory - donated		351,785	181,684
Prepaid expenses and deposits		12,598	16,010
Total current assets		1,573,535	390,310
PROPERTY AND EQUIPMENT			
Land and improvements		186,230	186,230
Building		923,288	923,288
Equipment, furniture & fixtures		351,251	307,741
		1,460,769	1,417,259
Less accumulated depreciation		(466,805)	(412,322)
Total property and equipment		993,964	1,004,937
TOTAL ASSETS		\$ 2,567,499	\$ 1,395,247
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable		\$ 22,301	\$ 30,369
Deferred income		19,576	33,730
Accrued payroll liabilities		21,371	14,769
Contingent loan payable		142,687	-
Total current liabilities		205,935	78,868
NET ASSETS			
Without donor restrictions			
Board designated - property and equipment		993,964	1,004,937
Board designated - inventory		351,785	181,684
Undesignated		989,575	111,425
Total unrestricted		2,335,324	1,298,046
With donor restrictions		26,240	18,333
Total net assets		2,361,564	1,316,379
TOTAL LIABILITIES AND NET ASSETS		\$ 2,567,499	\$ 1,395,247

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, 2020			For the Year Ended June 30, 2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Support						
Contributions	\$ 860,397	\$ -	\$ 860,397	\$ 549,585	\$ -	\$ 549,585
Direct mailings	647,229	-	647,229	376,131	-	376,131
Grants and foundations	429,098	26,240	455,338	86,780	22,000	108,780
Program service revenues	276,845	-	276,845	240,297	-	240,297
Special events	136,263	-	136,263	122,684	-	122,684
Interest	1,342	-	1,342	523	-	523
Gain (loss) on disposition of fixed asset	5,114	-	5,114	21,619	-	21,619
Net assets released from restrictions:						
Satisfaction of payments	18,333	(18,333)	-	22,000	(22,000)	-
Total revenues and support before in-kind	<u>2,374,621</u>	<u>7,907</u>	<u>2,382,528</u>	<u>1,419,619</u>	<u>-</u>	<u>1,419,619</u>
In-kind contributions:						
Donated food and product	5,281,952	-	5,281,952	4,796,241	-	4,796,241
Goods and services	46,777	-	46,777	27,587	-	27,587
Total in-kind contributions	<u>5,328,729</u>	<u>-</u>	<u>5,328,729</u>	<u>4,823,828</u>	<u>-</u>	<u>4,823,828</u>
Total Revenues and Support	<u>7,703,350</u>	<u>7,907</u>	<u>7,711,257</u>	<u>6,243,447</u>	<u>-</u>	<u>6,243,447</u>
Expenses						
Program services	6,155,818	-	6,155,818	5,932,010	-	5,932,010
Management and general	141,736	-	141,736	126,986	-	126,986
Fundraising	367,417	-	367,417	298,550	-	298,550
Total functional expenses	<u>6,664,971</u>	<u>-</u>	<u>6,664,971</u>	<u>6,357,546</u>	<u>-</u>	<u>6,357,546</u>
Costs of direct donor benefits	1,101	-	1,101	1,656	-	1,656
Total Expenses	<u>6,666,072</u>	<u>-</u>	<u>6,666,072</u>	<u>6,359,202</u>	<u>-</u>	<u>6,359,202</u>
CHANGE IN NET ASSETS	1,037,278	7,907	1,045,185	(115,755)	-	(115,755)
NET ASSETS, BEGINNING OF YEAR	<u>1,298,046</u>	<u>18,333</u>	<u>1,316,379</u>	<u>1,413,801</u>	<u>18,333</u>	<u>1,432,134</u>
NET ASSETS, END OF YEAR	<u>\$ 2,335,324</u>	<u>\$ 26,240</u>	<u>\$ 2,361,564</u>	<u>\$ 1,298,046</u>	<u>\$ 18,333</u>	<u>\$ 1,316,379</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, 2020				For the Year Ended June 30, 2019			
	Program Services	Management & General	Fundraising	Totals	Program Services	Management & General	Fundraising	Totals
Advertising and promotion	\$ 5,532	\$ 790	\$ 72,702	\$ 79,024	\$ 4,709	\$ 673	\$ 61,882	\$ 67,264
Communication and technology	18,517	9,259	9,259	37,035	10,271	5,136	5,136	20,543
Depreciation	59,315	8,474	2,825	70,614	57,650	8,236	2,745	68,631
Direct mailings	-	-	162,179	162,179	-	-	141,576	141,576
Food programs	1,235	-	-	1,235	85,913	-	-	85,913
Insurance expense	26,362	2,370	889	29,621	26,840	2,413	905	30,158
Other employee expenses	19,134	2,733	911	22,778	13,460	1,923	641	16,024
Other miscellaneous costs	11,207	20,664	3,152	35,023	7,319	14,502	2,058	23,879
Postage and printing	3,536	471	707	4,714	5,238	698	1,048	6,984
Professional fees	26,504	3,786	15,262	45,552	9,456	1,351	13,350	24,157
Repairs and maintenance	27,023	3,003	-	30,026	16,225	1,803	-	18,028
Salaries, wages and benefits	593,493	84,785	28,262	706,540	591,177	84,454	28,151	703,782
Supplies	11,596	-	30,467	42,063	10,672	-	20,240	30,912
Taxes and licenses	-	90	-	90	-	75	-	75
Transportation	76,395	-	-	76,395	90,848	-	-	90,848
Travel	4,300	614	205	5,119	6,550	936	312	7,798
Utilities and occupancy	55,438	1,155	1,155	57,748	55,340	1,153	1,153	57,646
Total expenses before in-kind	<u>939,587</u>	<u>138,194</u>	<u>327,975</u>	<u>1,405,756</u>	<u>991,668</u>	<u>123,353</u>	<u>279,197</u>	<u>1,394,218</u>
In-kind goods and services:								
Donated food and product	5,212,438	-	-	5,212,438	4,935,741	-	-	4,935,741
Goods and services	3,793	3,542	39,442	46,777	4,601	3,633	19,353	27,587
Total in-kind goods and services	<u>5,216,231</u>	<u>3,542</u>	<u>39,442</u>	<u>5,259,215</u>	<u>4,940,342</u>	<u>3,633</u>	<u>19,353</u>	<u>4,963,328</u>
Total expenses	<u>\$ 6,155,818</u>	<u>\$ 141,736</u>	<u>\$ 367,417</u>	<u>\$ 6,664,971</u>	<u>\$ 5,932,010</u>	<u>\$ 126,986</u>	<u>\$ 298,550</u>	<u>\$ 6,357,546</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,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of support and revenues over expenses	\$ 1,045,185	\$ (115,755)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	70,614	68,631
In-kind donation - food and product	(170,101)	139,499
(Gain) loss on disposition of fixed assets	(5,114)	(21,619)
(Increase) decrease in assets:		
Accounts receivable - other	4,689	13,355
Prepaid expenses	3,412	(11,010)
Increase (decrease) in liabilities:		
Accounts payable	(8,068)	(14,313)
Deferred revenues	(14,154)	(23,515)
Accrued payroll liabilities	6,602	(281)
CASH PROVIDED (USED) BY OPERATING ACTIVITIES	933,065	34,992
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of furniture and equipment	(69,827)	(16,185)
Proceeds from sale of furniture and equipment	15,300	27,000
CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(54,527)	10,815
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from contingent loan payable	142,687	-
Payments of debt	-	(53,425)
CASH PROVIDED (USED) BY FINANCING ACTIVITIES	142,687	(53,425)
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,021,225	(7,618)
CASH AT BEGINNING OF YEAR	157,893	165,511
CASH AT END OF YEAR	\$ 1,179,118	\$ 157,893
Non-cash transactions consist of in-kind	\$ 5,328,729	\$ 4,823,828
Amounts paid for:		
Interest	\$ -	\$ 1,010

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, 2020 and 2019

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 GMFB is general food and product distribution to charitable agencies. In addition, other GMFB programs include:

Rural Delivery Program: GMFB provides door-to-door delivery to rural agencies without the capacity to pick up food on their own. GMFB ensures the safety of refrigerated and frozen product by using two refrigerated box trucks with lift gates to accommodate deliveries. For smaller deliveries of shelf stable product, GMFB also uses a cargo transport van to improve on efficiency.

Mobile Food Pantries: The majority of the food that GMFB acquires from donors is distributed to clients through the 73 hunger relief partners in Northeast Georgia. However, many communities and neighborhoods do not have access to pantries for a number of reasons. GMFB has responded by utilizing volunteers and delivering food directly to people in need via the bi-monthly mobile pantry program. In FY 2020, GMFB distributed 260,989 pounds of food under this program.

Munch Bunch Snack Program: Munch Bunch provides after-school snacks to at-risk children in organized programs. Often these programs focus on health and nutrition during snack time through fun activities and lessons. For example, GMFB works with SISU to provide healthy snacks for children with disabilities and their typical peers through integrated educational and therapy programs. GMFB works with The Hall County Juvenile Court to provide healthy snacks to children and their families as the children must appear for court dates.

Senior Brown Bag Program: GMFB works with partner agencies and other community organizations that provide services to seniors. Some of those programs are Forsyth County Senior Center, Gainesville/Hall Senior Center, the Sunshine Seniors and The Guest House. GMFB provides fresh produce, baked goods, personal hygiene items and other products as requested and available. In FY 2020, GMFB distributed 401,544 pounds of product through this program.

Backpacks for Kids: GMFB utilizes backpack programs to help alleviate childhood hunger. Backpacks are distributed to children and youth attending public schools. The children that receive the weekly backpacks are identified by the teachers and administrators at the school. The backpacks are distributed weekly on Friday afternoon filled with shelf stable food items for meals over the weekend. GMFB provides program appropriate food to multiple backpack partners. In FY 2020, GMFB distributed 201,397 pounds through this program.

GEORGIA MOUNTAIN FOOD BANK, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2020 and 2019

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

Prescription Food: Recognizing the correlation between eating healthy and being healthy, GMFB began partnerships with local health clinics serving low income people with health disparities including Type 2 Diabetes, Heart Failure and Cancer. GMFB provides “healthy choice” food boxes to each clinic monthly to distribute to patients identified by clinic staff. The box contains purchased shelf stable food that is ideal to support food insecure patients while undergoing treatment at the different clinics. In FY 2020, GMFB provided 10,542 pounds of food through this program.

Neighborhood Fresh: The Neighborhood Fresh Grocery Delivery Program is GMFB’s roving ambassador for healthy eating and family stability in northeast Georgia. The program promotes GMFB’s mission, vision and values by providing fresh food and nutrition education. Currently, there are 17 sites in Hall County including senior housing neighborhoods, low income apartment complexes, Gainesville Housing Authority properties, Headstart and a Boys and Girls Club After-School program. In FY 2020, GMFB distributed 114,559 pounds of food under this program.

Summer Feeding: GMFB is providing healthy snacks and juice to multiple feeding sites served by the University of North Georgia SFSP Program. Additionally, GMFB provides family food boxes to targeted neighborhoods near the feeding sites and to the families of the Gainesville Housing Authority RISE program.

PIN Program: “PIN” stands for “People In Need” which provides a one-time emergency food distribution to families who reach out to GMFB for assistance. Though GMFB primarily serves as food distribution center for outside feeding groups, often families in crisis find their way to GMFB for help. GMFB provides food and household items to meet the immediate need and also provide information about partner agencies and programs for ongoing assistance. In FY 2020, GMFB provided 15,752 pounds of food to individuals 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 two 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 two net asset categories follows.

Net assets without donor restrictions have no donor-imposed restrictions.

Net assets with donor restrictions have donor-imposed restrictions that are satisfied either by the passage of time or expenditures that meet the donor-specified purpose.

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 net assets without donor restrictions. The restriction expires when the stipulated time has elapsed, when the specified purpose for which the resource was restricted has been fulfilled, or both.

GEORGIA MOUNTAIN FOOD BANK, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2020 and 2019

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

Revenues with donor restrictions whose restrictions are satisfied in the current year are presented as revenues without donor restrictions. GMFB follows the policy of reporting donor-imposed restricted contributions and endowment income whose restrictions are met within the same fiscal year as support without donor restrictions.

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

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).

Cash and Cash Equivalents

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

Inventory

Inventory consists primarily of donated foods and related consumer products. Donated inventory has been valued at \$ 1.62 per pound in 2020 and \$ 1.68 per pound in 2019. 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.

Deferred income

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

GEORGIA MOUNTAIN FOOD BANK, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2020 and 2019

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

Functional Expenses

Expenses are reported as decreases in net assets. The costs of programs, management, and fundraisers are presented in summary on the statement of activities and in more detail on the statement of functional expenses. The statement of activities and statement of functional expenses report certain categories of expenses that are attributable to more than one program or function. Therefore, expenses require allocation on a reasonable basis that is consistently applied.

Certain costs have been allocated among program services and supporting services, based on the benefit received. The expenses, allocated on the basis of estimates of time and effort, include salaries, certain utilities, office and professional fees, training, and repairs. Because the main purpose of the Organization is accomplished through program services, a greater percentage of overall expenditures are allocated to programs. Management and general expenses include expenditures that are not directly identifiable to a specific program, fundraising, or development activity. Fundraising expenses are those expenditures directly associated with an activity as well as some personnel and other direct costs to carry out the activities.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires that management use estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses during the reporting period. Actual results could differ from those estimated. Significant estimates and assumptions include the depreciation of fixed assets and the allocation of expenses into functional classifications.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation.

New Accounting Pronouncement

On August 18, 2016, Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classifications, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. GMFB has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

GMFB has adopted Accounting Standards Update (ASU) No. 2018-08 *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605)* as management believes that standard improves the usefulness and understandability of GMFB's financial reporting.

GEORGIA MOUNTAIN FOOD BANK, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2020 and 2019

NOTE 2 – AVAILABILITY AND LIQUIDITY

The following represents GMFB’s financial assets at June 30, 2020 and 2019:

	June 30,	
	2020	2019
Financial assets at year end:		
Cash and cash equivalents	\$ 1,179,118	\$ 157,893
Accounts receivable	30,034	34,723
Total financial assets	1,209,152	192,616
Less amounts not available to be used within one year:		
Net assets with donor restrictions (current)	26,240	18,333
Financial assets available to meet general expenditures over the next twelve months	\$ 1,182,912	\$ 174,283

As of June 30, 2020 and 2019, certain portions of GMFB’s total financial assets are not available to be used within one year due to either 1) designations by the board of directors, or 2) restrictions placed on the financial assets by the donor at the time of contribution. Because a donor’s restriction requires resources to be used in a particular manner or in a future period, GMFB must maintain sufficient resources to meet those responsibilities to its donors. As part of GMFB’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In the event of unanticipated liquidity need, the board could draw upon the assets in which they have designated for specific purposes. In addition, GMFB maintains a \$ 95,000 line of credit which can be drawn from to help manage unanticipated liquidity needs. As of June 30, 2020 and 2019, the line of credit has no balance due.

As part of GMFB’s current liquidity management plan, GMFB has a goal to maintain financial assets to meet 60 days of normal operating expenses, which are on average, approximately \$ 117,146 per month. In the event of an unanticipated liquidity need, GMFB feels there are enough financial assets to cover at least 10 months of necessary expenditures.

NOTE 3 - COMPENSATED ABSENCES

GMFB maintains a compensated absence policy as follows: employees earn 1 to 4 weeks of paid time off based on years of service. 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. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to \$ 250,000. For the years ended June 30, 2020 and 2019, GMFB held funds in excess of FDIC insured limits of \$ 895,779 and \$ 0, respectively.

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 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 \$ 46,777 and \$ 27,587 for the years ended June 30, 2020 and 2019, respectively.

GEORGIA MOUNTAIN FOOD BANK, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2020 and 2019

NOTE 5 – DONATED FACILITIES, SERVICES, AND FOOD (CONT'D)

Food – 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, 2020 and 2019, the weighted average value of contributed food was \$ 1.62 and \$ 1.68 per pound, respectively. GMFB also receives food donations from local food drives. These food donations are distributed to partner agencies located in GMFB's service area. For the years ended June 30, 2020 and 2019, GMFB received 3,260,464 and 2,854,906 pounds of food totaling \$ 5,281,952 and \$ 4,796,241 of in-kind food donations, respectively.

GMFB also acts as a partner distribution organization for food donations on behalf of the Atlanta Community Food Bank (ACFB). The GMFB redistributed 2,779,499 and 2,985,457 pounds of food on behalf of the ACFB for the years ended June 30, 2020 and 2019, respectively. These amounts are not included in the donated food in the previous paragraph.

NOTE 6 – RETIREMENT PLAN

GMFB maintains a retirement plan for certain employees. 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 contributions for the years ended June 30, 2020 and 2019 were \$ 26,044 and \$ 24,674, respectively. These amounts are included in the caption "Salaries, wages and benefits" on the Statements of Functional Expenses.

NOTE 7 – LINE OF CREDIT

GMFB maintains a line of credit with a financial institution in the amount of \$ 95,000. The line of credit bears interest at prime plus 1%, for total interest of 6% and matures on September 8, 2020. For the years ended June 30, 2020 and 2019, there was no balance on the line of credit. In September of 2020, GMFB did not renew with the previous financial institution that provided the line of credit. GMFB has entered into a line of credit agreement with a new financial institution that provides borrowings up to \$ 95,000. The line of credit bears interest at Wall Street Journal U.S. Prime Rate plus 1%. Borrowings are due in September 2021.

NOTE 8 – CONTINGENT LOAN PAYABLE: PAYCHECK PROTECTION PROGRAM LOAN

On April 20, 2020, GMFB received loan proceeds in the amount of \$ 142,687 under the Paycheck Protection Program ("PPP"), which was established as a part of the Coronavirus Aid, Relief and Economic Security Act. The loan accrues interest at 1% and matures April 20, 2022. Loan payments are deferred for the first six months. The loan and accrued interest are forgivable after 24 weeks as long as the Organization uses the loan proceeds for eligible purposes including payroll, benefits, rent and utilities, and maintains its payroll levels. Management believes it has used the PPP proceeds in accordance with the eligible purposes. Management expects the loan to be fully forgiven.

NOTE 9 – LEASE OBLIGATION

The agency entered into an operating lease agreement for a box truck in 2016. 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 \$ 1,602 with 39 monthly payments remaining as of June 30, 2020.

GEORGIA MOUNTAIN FOOD BANK, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2020 and 2019

NOTE 9 – LEASE OBLIGATION (CONT'D)

As of June 30, 2020, lease payments due within the next four years are as follows:

<u>Year ending June 30,</u>	
2020	\$ 19,224
2021	19,224
2022	19,224
2023	<u>4,806</u>
Total	<u>\$ 62,478</u>

NOTE 10 – NET ASSETS

Net assets with donor restrictions consist of the following:

	<u>For the Years Ended June 30,</u>	
	<u>2020</u>	<u>2019</u>
Beginning Balance	\$ 18,333	\$ 18,333
Increases:		
United Way	<u>26,240</u>	<u>22,000</u>
Total Increases	<u>26,240</u>	<u>22,000</u>
Decreases:		
Food Programs	<u>(18,333)</u>	<u>(22,000)</u>
Total Decreases	<u>(18,333)</u>	<u>(22,000)</u>
Ending Balance	<u>\$ 26,240</u>	<u>\$ 18,333</u>

NOTE 11 – SUBSEQUENT EVENTS

In connection with the preparation of the financial statements, management has evaluated events subsequent to the financial statement date through November 17, 2020, the date the financial statements were available to be issued.

The COVID-19 pandemic has developed rapidly in 2020, with a significant number of cases. Measures taken by various governments to contain the virus have affected economic activity. GMFB has taken a number of measures to monitor and mitigate the effects of COVID-19, such as safety and health measures such as social distancing and removal of volunteers. No adjustments have been made to these financial statements as a result of this uncertainty. Future potential impacts may include disruptions or restrictions on GMFB's employees' ability to work and the ability to obtain volunteers. The future effects of these issues are unknown.