



GAINESVILLE, GEORGIA
FINANCIAL STATEMENTS
FOR THE YEARS ENDED
June 30, 2022 and 2021

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

Opinion

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, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Georgia Mountain Food Bank, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Georgia Mountain Food Bank, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Georgia Mountain Food Bank, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Georgia Mountain Food Bank, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



Alexander, Almand & Bangs, LLP
Gainesville, Georgia
November 30, 2022

GEORGIA MOUNTAIN FOOD BANK, INC.
STATEMENTS OF FINANCIAL POSITION

		June 30,	
		2022	2021
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 792,470	\$ 866,963	
Accounts receivable	9,273	59,534	
Investments	1,122,850	1,351,513	
Inventory - donated	316,606	341,158	
Prepaid expenses and deposits	31,720	18,428	
Total current assets	<u>2,272,919</u>	<u>2,637,596</u>	
PROPERTY AND EQUIPMENT			
Land and improvements	584,319	186,230	
Building	1,047,501	838,288	
Equipment, furniture & fixtures	293,519	317,618	
	<u>1,925,339</u>	<u>1,342,136</u>	
Less accumulated depreciation	(511,084)	(474,900)	
Total property and equipment	<u>1,414,255</u>	<u>867,236</u>	
TOTAL ASSETS	<u>\$ 3,687,174</u>	<u>\$ 3,504,832</u>	
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable	\$ 93,061	\$ 19,810	
Deferred income	59,275	91,585	
Accrued payroll liabilities	24,625	19,079	
Total current liabilities	<u>176,961</u>	<u>130,474</u>	
NET ASSETS			
Without donor restrictions			
Board designated - property and equipment	1,414,255	867,236	
Board designated - inventory	316,606	341,158	
Undesignated	1,691,852	2,006,381	
Total unrestricted	<u>3,422,713</u>	<u>3,214,775</u>	
With donor restrictions	<u>87,500</u>	<u>159,583</u>	
Total net assets	<u>3,510,213</u>	<u>3,374,358</u>	
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,687,174</u>	<u>\$ 3,504,832</u>	

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, 2022			For the Year Ended June 30, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Support						
Contributions	\$ 971,752	\$ -	\$ 971,752	\$ 674,470	\$ 20,000	\$ 694,470
Direct mailings	709,903	-	709,903	979,930	-	979,930
Grants and foundations	204,446	46,000	250,446	399,777	139,583	539,360
Program service revenues	232,378	-	232,378	206,866	-	206,866
Special events	212,701	-	212,701	163,561	-	163,561
Interest and dividend income	81,157	-	81,157	46,147	-	46,147
Other nonrecurring revenue - PPP forgiveness	-	-	-	142,687	-	142,687
Gain (loss) on investments	(293,116)	-	(293,116)	132,822	-	132,822
Gain (loss) on disposition of fixed asset	30,238	-	30,238	59,514	-	59,514
Other gain (loss)	-	-	-	(79,156)	-	(79,156)
Net assets released from restrictions:						
Satisfaction of payments	118,083	(118,083)	-	26,240	(26,240)	-
Total revenues and support before in-kind	2,267,542	(72,083)	2,195,459	2,752,858	133,343	2,886,201
In-kind contributions:						
Donated food and product	6,102,036	-	6,102,036	6,438,501	-	6,438,501
Goods and services	24,664	-	24,664	5,615	-	5,615
Total in-kind contributions	6,126,700	-	6,126,700	6,444,116	-	6,444,116
Total Revenues and Support	8,394,242	(72,083)	8,322,159	9,196,974	133,343	9,330,317
Expenses						
Program services	7,532,980	-	7,532,980	7,792,410	-	7,792,410
Management and general	199,899	-	199,899	149,145	-	149,145
Fundraising	450,026	-	450,026	368,525	-	368,525
Total functional expenses	8,182,905	-	8,182,905	8,310,080	-	8,310,080
Costs of direct donor benefits	3,399	-	3,399	7,443	-	7,443
Total Expenses	8,186,304	-	8,186,304	8,317,523	-	8,317,523
CHANGE IN NET ASSETS	207,938	(72,083)	135,855	879,451	133,343	1,012,794
NET ASSETS, BEGINNING OF YEAR	3,214,775	159,583	3,374,358	2,335,324	26,240	2,361,564
NET ASSETS, END OF YEAR	\$ 3,422,713	\$ 87,500	\$ 3,510,213	\$ 3,214,775	\$ 159,583	\$ 3,374,358

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, 2022				For the Year Ended June 30, 2021			
	Program Services	Management & General	Fundraising	Totals	Program Services	Management & General	Fundraising	Totals
Advertising and promotion	\$ 10,022	\$ 1,432	\$ 131,724	\$ 143,178	\$ 7,592	\$ 1,085	\$ 99,786	\$ 108,463
Communication and technology	13,220	6,610	6,610	26,440	19,492	9,746	9,746	38,984
Depreciation	66,923	9,560	3,187	79,670	65,767	9,395	3,132	78,294
Direct mailings	-	-	172,010	172,010	-	-	164,552	164,552
Food programs	266,248	-	-	266,248	297,437	-	-	297,437
Insurance expense	48,599	4,368	1,638	54,605	25,022	2,249	843	28,114
Other employee expenses	25,367	3,624	1,208	30,199	13,003	1,858	619	15,480
Other miscellaneous costs	2,346	45,344	-	47,690	10,743	19,827	3,021	33,591
Postage and printing	3,380	451	676	4,507	3,897	520	779	5,196
Professional fees	48,794	19,270	60,524	128,588	20,649	2,950	21,533	45,132
Repairs and maintenance	36,809	4,090	-	40,899	17,612	1,957	-	19,569
Salaries, wages and benefits	718,647	102,664	34,221	855,532	674,714	96,388	32,129	803,231
Supplies	13,761	-	20,300	34,061	14,081	-	30,728	44,809
Transportation	79,809	-	-	79,809	100,691	-	-	100,691
Travel	2,685	384	128	3,197	1,515	216	72	1,803
Utilities and occupancy	62,420	1,300	1,300	65,020	67,192	1,400	1,400	69,992
Total expenses before in-kind	1,399,030	199,097	433,526	2,031,653	1,339,407	147,591	368,340	1,855,338
In-kind goods and services:								
Donated food and product	6,126,588	-	-	6,126,588	6,449,127	-	-	6,449,127
Goods and services	7,362	802	16,500	24,664	3,876	1,554	185	5,615
Total in-kind goods and services	6,133,950	802	16,500	6,151,252	6,453,003	1,554	185	6,454,742
Total expenses	\$ 7,532,980	\$ 199,899	\$ 450,026	\$ 8,182,905	\$ 7,792,410	\$ 149,145	\$ 368,525	\$ 8,310,080

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,	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of support and revenues over expenses	\$ 135,855	\$ 1,012,794
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	79,670	78,294
In-kind donation - food and product	24,552	10,627
Net unrealized and realized (gain) loss on investments	293,116	(132,822)
(Gain) loss on disposition of fixed assets	(30,238)	(59,514)
Gain upon debt extinguishment	-	(142,687)
(Increase) decrease in assets:		
Accounts receivable - other	50,261	(29,500)
Prepaid expenses	(13,292)	(5,830)
Increase (decrease) in liabilities:		
Accounts payable	73,251	(2,491)
Deferred revenues	(32,310)	72,009
Accrued payroll liabilities	5,546	(2,292)
CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>586,411</u>	<u>798,588</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(64,453)	(1,218,691)
Purchase of fixed assets	(636,451)	(16,049)
Proceeds from sale of fixed assets	40,000	123,997
CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(660,904)</u>	<u>(1,110,743)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	<u>-</u>	<u>-</u>
CASH PROVIDED (USED) BY FINANCING ACTIVITIES	<u>-</u>	<u>-</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	(74,493)	(312,155)
CASH AT BEGINNING OF YEAR	<u>866,963</u>	<u>1,179,118</u>
CASH AT END OF YEAR	<u>\$ 792,470</u>	<u>\$ 866,963</u>
Non-cash transactions consist of in-kind	<u>\$ 6,126,700</u>	<u>\$ 6,444,116</u>

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, 2022 and 2021

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 small refrigerated box truck to improve on efficiency.

Mobile Food Pantries: The majority of the food that GMFB acquires from donors is distributed to clients through the 69 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 2022 and 2021, GMFB distributed 658,552 and 329,893 pounds of food under this program, respectively.

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. In FY 2022 and 2021, GMFB provided 2,186 and 3,626 pounds of food to this program, respectively.

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 2022 and 2021, GMFB distributed 375,941 and 589,164 pounds of food through this program, respectively.

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 2022 and 2021, GMFB distributed 498,544 and 243,747 pounds of food through this program, respectively.

GEORGIA MOUNTAIN FOOD BANK, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2022 and 2021

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

Healthy Choice 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 2022 and 2021, GMFB provided 103 and 336 Healthy Choice Boxes through this program, respectively.

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 2022 and 2021, GMFB distributed 270,342 and 377,883 pounds of food under this program, respectively.

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 a 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 2022 and 2021, GMFB provided 6,705 and 5,825 pounds of food to individuals under this program, respectively.

Other Community Initiatives: GMFB feeds hungry people through partnerships with organizations across the community whose missions align with ours. Those partners include Gainesville Housing Authority, LAMP Ministries, Public School Systems, Clermont Cares and others.

Basis of Accounting

The financial statements are prepared on the accrual basis in conformity with U.S. 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, 2022 and 2021

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.

Investments

The Organization has adopted FASB ASC No. 958-320, *Accounting for Certain Investments Held by Not-For-Profit Organizations*. Under FASB ASC No. 958-320, investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values on the Statement of Financial Position. Net realized and unrealized gains/losses on investments are reflected on the Statement of Activities.

Fair Value Measurements

The Organization applies ASC No. 820, *Fair Value Measurements and Disclosures*, for fair value measurements of financial and nonfinancial assets and financial liabilities. Estimates of fair value for financial assets and liabilities are based on the framework established in the ASC No. 820, which considers the inputs used in valuation, gives the highest priority to quoted prices in active markets, and requires that observable inputs be used in the valuations when available. The disclosure of fair value estimates in the ASC No. 820 hierarchy is based on whether the significant inputs relative to the valuation are observable. In determining the level of hierarchy in which the estimate is disclosed, the highest priority is given to unadjusted quoted prices in active markets and the lowest priority to unobservable inputs that reflect the Organization's significant market assumption. The three levels of the hierarchy are further described as follows:

Level I – Valuations based on unadjusted market prices for identical assets or liabilities in accessible and active markets.

Level II – Valuations based on pricing inputs other than quotes prices in active markets which are either directly or indirectly observable.

GEORGIA MOUNTAIN FOOD BANK, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2022 and 2021

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

Level III – Valuations derive from other valuation methodologies, including pricing models, discounted cash flow models, and similar techniques.

The Organization's investments consist of Level I hierarchy fair market value measurements.

Inventory

Inventory consists primarily of donated foods and related consumer products. Donated inventory has been valued at \$ 1.92 per pound in 2022 and \$ 1.74 per pound in 2021. 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.

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.

GEORGIA MOUNTAIN FOOD BANK, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2022 and 2021

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

New Accounting Pronouncements

The Financial Accounting Standards Board ("FASB") issued Accounting Standards Update (ASU) 2014-09, Revenue Recognition (Topic 606). This ASU provides a single, comprehensive revenue recognition model for all contracts with customers to improve comparability within industries, across industries, and across capital markets. The core principle of this ASU is that an entity recognizes revenues to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This ASU is effective for annual periods beginning after December 15, 2019 and has been implemented within the Organization to all periods presented and did not have a significant impact on the financial statements or disclosures.

The FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958). This ASU is intended to clarify and improve the scope and accounting guidance for contributions received and made, primarily by not-for-profit organizations. The amendments in this ASU provide a more robust framework for determining whether a transaction should be accounted for as a contribution or as an exchange transaction. ASU 2018-18 is effective for annual periods beginning after December 15, 2019 and has been implemented within the Organization and applied to all periods presented and did not have a significant impact on the financial statements or disclosures.

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. The Organization has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

NOTE 2 – AVAILABILITY AND LIQUIDITY

The following represents GMFB's financial assets at June 30, 2022 and 2021:

	June 30,	
Financial assets at year end:	2022	2021
Cash and cash equivalents	\$ 792,470	\$ 866,963
Accounts receivable	9,273	59,534
Investments	1,122,850	1,351,513
Total financial assets	1,924,593	2,278,010
Less amounts not available to be used within one year:		
Net assets with donor restrictions (current)	87,500	159,583
Financial assets available to meet general expenditures over the next twelve months	\$ 1,837,093	\$ 2,118,427

As of June 30, 2022 and 2021, 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, 2022 and 2021, the line of credit had no balance due.

GEORGIA MOUNTAIN FOOD BANK, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2022 and 2021

NOTE 2 – AVAILABILITY AND LIQUIDITY (CONT'D)

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 \$ 169,300 per month. In the event of an unanticipated liquidity need, GMFB feels there are enough financial assets to cover at least 11 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, 2022 and 2021, GMFB held funds in excess of FDIC insured limits of \$ 568,618 and \$ 653,248, respectively.

NOTE 5 – DONATED FACILITIES, SERVICES, AND FOOD

GMFB receives various forms of donated goods and services including food, services and media. These are reported as contributions on the date of receipt and expense when utilized. Donated food is not sold and is only distributed for program use. Donated food, media and services include:

	June 30,	
	2022	2021
Food donations	\$ 6,102,036	\$ 6,438,501
Technology services	5,014	4,463
Repair services	3,150	-
Media and other services	16,500	1,152
Total Donated Goods and Services	<u>\$ 6,126,700</u>	<u>\$ 6,444,116</u>

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, 2022 and 2021, the weighted average value of contributed food was \$ 1.92 and \$ 1.74 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, 2022 and 2021, GMFB received 3,178,144 and 3,700,288 pounds of food totaling \$ 6,102,036 and \$ 6,438,501 of in-kind food donations, respectively

Media and Services - Contributed media and services are recognized by GMFB if the media and services received (a) create or enhance long-lived assets, (b) are required 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 media and services include repairs, advertising, and professional fees. The total fair market value of goods and services totals \$ 24,664 and \$ 5,615 for the years ended June 30, 2022 and 2021, respectively.

GEORGIA MOUNTAIN FOOD BANK, INC.
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For the Years Ended June 30, 2022 and 2021

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

GMFB also acts as a partner distribution organization for food donations on behalf of the Atlanta Community Food Bank (ACFB). The GMFB redistributed 3,433,224 and 3,633,948 pounds of food on behalf of the ACFB for the years ended June 30, 2022 and 2021, respectively. These amounts are not included in the donated food in the previous paragraph.

NOTE 6 – INVESTMENTS

GMFB maintains investment accounts with the North Georgia Community Foundation (NGCF). Investments are presented in the financial statements in the aggregate at fair market value. The following schedule summarizes the valuation of the Academy's investments by the fair value hierarchy levels as of June 30, 2022 and 2021.

	Fair value measurement at June 30, 2022	Fair value measurement at June 30, 2021
	Level I	Level I
NGCF Agency Fund	\$ 926,224	\$ 1,115,346
NGCF Food for Tomorrow Fund	196,626	236,167
Total	<u>\$ 1,122,850</u>	<u>\$ 1,351,513</u>

The following schedule summarizes investment returns in the Statement of Activities for the years ended June 30, 2022 and 2021.

	For the Years Ended June 30, 2022	2021
Interest and dividend income	\$ 81,157	\$ 46,147
Gain (loss) on investments	<u>(293,116)</u>	<u>132,822</u>
Total investment return	<u>\$ (211,959)</u>	<u>\$ 178,969</u>

NOTE 7 – 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, 2022 and 2021 were \$ 32,764 and \$ 31,997, respectively. These amounts are included in the caption "Salaries, wages and benefits" on the Statements of Functional Expenses.

NOTE 8 – 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 Wall Street Journal U.S. Prime Rate plus 1%, for total interest of 4.25% and matures on September 15, 2022. For the years ended June 30, 2022 and 2021, there was no balance on the line of credit.

NOTE 9 – LEASE OBLIGATIONS

GMFB 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 15 monthly payments remaining as of June 30, 2022.

GEORGIA MOUNTAIN FOOD BANK, INC.
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NOTE 9 – LEASE OBLIGATIONS (CONT'D)

GMFB entered into a copier lease agreement in 2020. The terms of the lease call for 48 fixed monthly lease payments in the amount of \$ 448 with 19 monthly payments remaining as of June 30, 2022.

GMFB entered into an operating lease agreement for a refrigerated box truck in the current period. The terms of the lease call for 84 monthly fixed payments in the amount of \$ 2,095 with 83 payments remaining as of June 30, 2022.

GMFB entered into an operating lease agreement for a copier in the current period. The terms of the lease call for 36 monthly payments in the amount of \$ 68 with 35 payments remaining as of June 30, 2022.

As of June 30, 2022, lease payments due within the next five years are as follows:

<u>Year ending June 30,</u>	
2023	\$ 50,556
2024	33,898
2025	25,888
2026	25,140
2027 and thereafter	<u>73,325</u>
Total	<u>\$ 208,807</u>

NOTE 10 – SUBSEQUENT EVENTS

In connection with the preparation of the financial statements, management has evaluated events subsequent to the financial statement date through November 30, 2022, the date the financial statements were available to be issued.