



GAINESVILLE, GEORGIA  
FINANCIAL STATEMENTS  
FOR THE YEARS ENDED  
June 30, 2023 and 2022

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, 2023 and 2022, 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, 2023 and 2022, 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*

Alexander, Almand & Bangs, LLP  
Gainesville, Georgia  
February 16, 2024

GEORGIA MOUNTAIN FOOD BANK, INC.  
STATEMENTS OF FINANCIAL POSITION

	June 30,	
	2023	2022
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 1,222,415	\$ 792,470
Accounts receivable	208,619	9,273
Investments	1,231,327	1,122,850
Inventory - donated	125,396	316,606
Prepaid expenses and deposits	41,857	31,720
Total current assets	2,829,614	2,272,919
<b>PROPERTY AND EQUIPMENT</b>		
Land and improvements	610,863	584,319
Building	1,083,084	1,047,501
Equipment, furniture & fixtures	611,250	293,519
	2,305,197	1,925,339
Less accumulated depreciation	(583,786)	(511,084)
Total property and equipment	1,721,411	1,414,255
<b>LONG-TERM ASSETS</b>		
Finance right-of-use asset, net	122,850	-
Operating right-of-use asset, net	1,309	-
Total long-term assets	124,159	-
<b>TOTAL ASSETS</b>	<b>\$ 4,675,184</b>	<b>\$ 3,687,174</b>

GEORGIA MOUNTAIN FOOD BANK, INC.  
STATEMENTS OF FINANCIAL POSITION

		June 30,	
		2023	2022
<b>LIABILITIES AND NET ASSETS</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	\$	29,309	\$ 93,061
Deferred income		34,986	59,275
Accrued payroll liabilities		28,631	24,625
Notes payable - current		23,514	-
Finance lease liability - current		27,182	-
Operating lease liability - current		700	-
Total current liabilities		144,322	176,961
<b>NON-CURRENT LIABILITIES</b>			
Notes payable - non-current		161,425	-
Finance lease liability - non-current		91,322	-
Operating lease liability - non-current		609	-
Total non-current liabilities		253,356	-
<b>TOTAL LIABILITIES</b>		<b>397,678</b>	<b>176,961</b>
<b>NET ASSETS</b>			
Without donor restrictions			
Board designated - property and equipment		1,721,411	1,414,255
Board designated - inventory		125,396	316,606
Undesignated		2,324,560	1,691,852
Total unrestricted		4,171,367	3,422,713
With donor restrictions		106,139	87,500
Total net assets		4,277,506	3,510,213
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$</b>	<b>4,675,184</b>	<b>\$ 3,687,174</b>

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, 2023			For the Year Ended June 30, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues and Support</b>						
Contributions	\$ 998,567	\$ 94,139	\$ 1,092,706	\$ 971,752	\$ -	\$ 971,752
Direct mailings	541,957	-	541,957	709,903	-	709,903
Grants and foundations	1,048,070	72,000	1,120,070	204,446	46,000	250,446
Program service revenues	330,049	-	330,049	232,378	-	232,378
Special events	176,519	-	176,519	212,701	-	212,701
Interest and dividend income	47,720	-	47,720	81,157	-	81,157
Gain (loss) on investments	86,310	-	86,310	(293,116)	-	(293,116)
Gain (loss) on disposition of fixed asset	(48)	-	(48)	30,238	-	30,238
Net assets released from restrictions:						
Satisfaction of payments	147,500	(147,500)	-	118,083	(118,083)	-
Total revenues and support before in-kind	<u>3,376,644</u>	<u>18,639</u>	<u>3,395,283</u>	<u>2,267,542</u>	<u>(72,083)</u>	<u>2,195,459</u>
In-kind contributions:						
Donated food and product	6,394,708	-	6,394,708	6,102,036	-	6,102,036
Goods and services	25,557	-	25,557	24,664	-	24,664
Total in-kind contributions	<u>6,420,265</u>	<u>-</u>	<u>6,420,265</u>	<u>6,126,700</u>	<u>-</u>	<u>6,126,700</u>
<b>Total Revenues and Support</b>	<u>9,796,909</u>	<u>18,639</u>	<u>9,815,548</u>	<u>8,394,242</u>	<u>(72,083)</u>	<u>8,322,159</u>
<b>Expenses</b>						
Program services	8,272,103	-	8,272,103	7,532,980	-	7,532,980
Management and general	221,885	-	221,885	199,899	-	199,899
Fundraising	555,961	-	555,961	450,026	-	450,026
Total functional expenses	9,049,949	-	9,049,949	8,182,905	-	8,182,905
Costs of direct donor benefits	1,945	-	1,945	3,399	-	3,399
<b>Total Expenses</b>	<u>9,051,894</u>	<u>-</u>	<u>9,051,894</u>	<u>8,186,304</u>	<u>-</u>	<u>8,186,304</u>
<b>CHANGE IN NET ASSETS BEFORE CUMULATIVE ADJUSTMENT</b>	745,015	18,639	763,654	207,938	(72,083)	135,855
<b>CUMULATIVE ADJUSTMENT, NOTE 10</b>	<u>3,639</u>	<u>-</u>	<u>3,639</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>CHANGE IN NET ASSETS AFTER CUMULATIVE ADJUSTMENT</b>	748,654	18,639	767,293	207,938	(72,083)	135,855
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>3,422,713</u>	<u>87,500</u>	<u>3,510,213</u>	<u>3,214,775</u>	<u>159,583</u>	<u>3,374,358</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 4,171,367</u>	<u>\$ 106,139</u>	<u>\$ 4,277,506</u>	<u>\$ 3,422,713</u>	<u>\$ 87,500</u>	<u>\$ 3,510,213</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, 2023				For the Year Ended June 30, 2022			
	Program Services	Management & General	Fundraising	Totals	Program Services	Management & General	Fundraising	Totals
Advertising and promotion	\$ 10,825	\$ 1,546	\$ 142,272	\$ 154,643	\$ 10,022	\$ 1,432	\$ 131,724	\$ 143,178
Amortization of right-of-use asset	33,436	4,777	1,592	39,805	-	-	-	-
Communication and technology	18,298	9,149	9,148	36,595	13,220	6,610	6,610	26,440
Depreciation	66,918	9,560	3,187	79,665	66,923	9,560	3,187	79,670
Direct mailings	-	-	236,933	236,933	-	-	172,010	172,010
Food programs	282,336	-	-	282,336	266,248	-	-	266,248
Insurance expense	51,389	4,619	1,732	57,740	48,599	4,368	1,638	54,605
Interest	-	9,228	-	9,228	-	-	-	-
Other employee expenses	23,001	3,286	1,095	27,382	25,367	3,624	1,208	30,199
Other miscellaneous costs	14,223	26,224	4,000	44,447	2,346	45,344	-	47,690
Postage and printing	2,998	400	600	3,998	3,380	451	676	4,507
Professional fees	64,645	10,235	75,079	149,959	48,794	19,270	60,524	128,588
Repairs and maintenance	34,923	3,880	-	38,803	36,809	4,090	-	40,899
Salaries, wages and benefits	951,489	135,929	45,309	1,132,727	718,647	102,664	34,221	855,532
Supplies	9,294	-	16,133	25,427	13,761	-	20,300	34,061
Taxes and licenses	-	48	-	48	-	-	-	-
Transportation	36,864	-	-	36,864	79,809	-	-	79,809
Travel	5,032	719	240	5,991	2,685	384	128	3,197
Utilities and occupancy	72,847	1,518	1,518	75,883	62,420	1,300	1,300	65,020
Total expenses before in-kind	<u>1,678,518</u>	<u>221,118</u>	<u>538,838</u>	<u>2,438,474</u>	<u>1,399,030</u>	<u>199,097</u>	<u>433,526</u>	<u>2,031,653</u>
In-kind goods and services:								
Donated food and product	6,585,918	-	-	6,585,918	6,126,588	-	-	6,126,588
Goods and services	7,667	767	17,123	25,557	7,362	802	16,500	24,664
Total in-kind goods and services	<u>6,593,585</u>	<u>767</u>	<u>17,123</u>	<u>6,611,475</u>	<u>6,133,950</u>	<u>802</u>	<u>16,500</u>	<u>6,151,252</u>
Total expenses	<u>\$ 8,272,103</u>	<u>\$ 221,885</u>	<u>\$ 555,961</u>	<u>\$ 9,049,949</u>	<u>\$ 7,532,980</u>	<u>\$ 199,899</u>	<u>\$ 450,026</u>	<u>\$ 8,182,905</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,	
	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Excess of support and revenues over expenses	\$ 763,654	\$ 135,855
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	79,665	79,670
Amortization of finance right-of-use asset	39,805	-
In-kind donation - food and product	191,210	24,552
Net unrealized and realized (gain) loss on investments	(86,310)	293,116
(Gain) loss on disposition of fixed assets	48	(30,238)
(Increase) decrease in assets:		
Accounts receivable - other	(199,346)	50,261
Prepaid expenses	(10,137)	(13,292)
Increase (decrease) in liabilities:		
Accounts payable	(63,752)	73,251
Deferred revenues	(24,289)	(32,310)
Accrued payroll liabilities	4,006	5,546
	<u>694,554</u>	<u>586,411</u>
<b>CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(22,167)	(64,453)
Purchase of fixed assets	(386,869)	(636,451)
Proceeds from sale of fixed assets	-	40,000
	<u>(409,036)</u>	<u>(660,904)</u>
<b>CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>		
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from indebtedness	184,939	-
Reduction in finance lease liability	(40,512)	-
	<u>144,427</u>	<u>-</u>
<b>CASH PROVIDED (USED) BY FINANCING ACTIVITIES</b>		
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	429,945	(74,493)
<b>CASH AT BEGINNING OF YEAR</b>	<u>792,470</u>	<u>866,963</u>
<b>CASH AT END OF YEAR</b>	<u>\$ 1,222,415</u>	<u>\$ 792,470</u>
Non-cash transactions consist of in-kind	<u>\$ 6,420,265</u>	<u>\$ 6,126,700</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, 2023 and 2022

**NOTE 1 – NATURE OF THE ORGANIZATION AND OPERATIONS**

**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 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 63 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 2023 and 2022, GMFB distributed 471,475 and 658,552 pounds of food under this program, respectively.

**Munch Bunch Snack Program:** Munch Bunch provides after-school snacks to at-risk children in organized programs. These programs often 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 2023 and 2022, GMFB provided 3,484 and 2,186 pounds of food to this program, respectively.

**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 2023 and 2022, GMFB provided 167 and 103 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 2023 and 2022, GMFB distributed 225,428 and 270,342 pounds of food under this program, respectively.

GEORGIA MOUNTAIN FOOD BANK, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
For the Years Ended June 30, 2023 and 2022

**NOTE 1 – NATURE OF THE ORGANIZATION AND OPERATIONS (CONT'D)**

**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 2023 and 2022, GMFB provided 7,301 and 6,705 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.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**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.

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.

**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.

GEORGIA MOUNTAIN FOOD BANK, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
For the Years Ended June 30, 2023 and 2022

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**Accounts Receivable**

Accounts receivable represents amounts owed to the Organization primarily for American Rescue Plan (ARPA) funds to be received subsequent to year end for expenditures that occurred during the current fiscal year along with other miscellaneous contributions and grants to be received after year end.

**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 quoted prices in active markets which are either directly or indirectly observable.
- 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 \$ 1.93 per pound in 2023 and \$ 1.92 per pound in 2022. This value was derived from Feeding America estimates and management believes it is a fair representation of value.

**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

GEORGIA MOUNTAIN FOOD BANK, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
For the Years Ended June 30, 2023 and 2022

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**Leases**

GMFB accounts for leases in accordance with FASB ASC 842. GMFB is a lessee in several non-cancelable finance leases and one operating lease for various trucks and copier machines (Note 10). Leases are evaluated using the criteria outlined in FASB ASC 842 to determine whether they will be classified as operating leases or finance leases. The Organization determines if an arrangement is a lease, or contains a lease, at inception or a contract and when terms of an existing contract are changed. The Organization determines if an arrangement conveys the right to use an identified asset and whether the Organization obtains substantially all of the economic benefits from and has the ability to direct the use of the asset. The Organization recognizes a lease liability and right-of-use (ROU) asset at the commencement date of the lease.

Effective July 1, 2022, operating and finance lease ROU assets and related current and long-term portions of operating and finance lease liabilities have been presented on the statement of financial position (Note 2, New Accounting Pronouncements).

*Lease liabilities.* A lease liability is measured based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or rate and are measured using the index or rate at the commencement date. Lease payments, including variable lease payments made based on an index rate, are remeasured when any of the following occur: (1) the lease is modified (and the modification is not accounted for as a separate contract), (2) certain contingencies related to variable lease payments are resolved, or (3) there is a reassessment of any of the following: the lease term, purchase options, or amounts that are probable of being owed under a residual value guarantee. The discount rate is the rate implicit in the lease if it is readily determinable; otherwise, the Organization uses its incremental borrowing rate. The implicit rates of the all of the Organization's operating and finance leases are not readily determinable; accordingly, the Organization uses its incremental borrowing rate based on the information available at the commencement date of the lease or the date of the financial statements in the year the standard is adopted. The Organization's incremental borrowing rate for a lease is the rate of interest it would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms and in a similar economic environment and geographic location. The Organization determines its incremental borrowing rates by pulling the discount rate provided by the United States Federal Reserve as of the end of the implementation period to reflect a more accurate representation of discounts for the current period and periods subsequent thereof. Neither the Organization's finance and operating leases possess an implicit discount rate specified in the contracts.

*ROU assets.* A ROU asset is measured at the commencement date at the amount of the initially measured liability plus any lease payments made to the lessor before or after commencement date, minus any lease incentives received, plus any initial direct costs. Unless impaired, the ROU asset is subsequently measured throughout the lease term at the amount of the lease liability (that is the present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) leases payments, less the unamortized balance of lease incentives received. Lease cost for lease payments is recognized on a straight-line basis over the lease term. Finance lease ROU assets are amortized on a straight-line basis over the lease term.

**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).

**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.

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**Note 2 – SUMMARY OF ACCOUNTING POLICIES (CONT'D)**

**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.

**New Accounting Pronouncements**

The Organization has adopted FASB ASU 2020-07 *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The update enhances the disclosures for in-kind donations. No significant impacts to the financial statements have occurred in result of this update. ASU 2020-07 is effective for annual periods ending June 30, 2022 and has been implemented within the Organization and applied to all periods presented.

In February 2016, FASB issued ASU No. 2016-02, *Leases (Topic 842)*. FASB ASC 842 supersedes the lease requirements in FASB ASC 840. Under FASB 842, lessees are required to recognize assets and liabilities on the statement of financial position for most leases and provide enhanced disclosures. This ASC is effective for annual periods beginning after December 15, 2021. The Organization adopted FASB ASC 842, with a date of initial application of July 1, 2022, by applying the modified retrospective transition approach and using the additional (and optional) transition method provided by ASU No. 2018-11, *Leases (Topic 842): Targeted Improvements*. The Organization did not restate prior periods as presented under FASB ASC 840 and instead evaluated whether a cumulative effect adjustment to net assets as of July 1, 2022 was necessary for the cumulative impact of adoption of FASB ASC 842.

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**NOTE 3 – AVAILABILITY AND LIQUIDITY**

The following represents GMFB’s financial assets at June 30, 2023 and 2022:

	June 30,	
	2023	2022
Financial assets at year end:		
Cash and cash equivalents	\$ 1,222,415	\$ 792,470
Accounts receivable	208,619	9,273
Investments	1,231,327	1,122,850
Total financial assets	2,662,361	1,924,593
Less amounts not available to be used within one year:		
Building expansion contingent liability, note 11	737,899	-
Net assets with donor restrictions (current)	106,139	87,500
Financial assets available to meet general expenditures over the next twelve months	\$ 1,818,323	\$ 1,837,093

As of June 30, 2023, and 2022, 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, 2023, and 2022, the line of credit had 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 \$ 203,206 per month. In the event of an unanticipated liquidity need, GMFB feels there are enough financial assets to cover at least 9 months of necessary expenditures.

**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, 2023 and 2022, GMFB held funds in excess of FDIC insured limits of \$ 976,499 and \$ 568,618, respectively.

**NOTE 5 – ACCOUNTS RECEIVABLE**

Accounts receivable represents amounts owed to the Organization primarily for ARPA funds to be received subsequent to year end for expenditures that occurred during the current fiscal year along with other miscellaneous contributions and grants to be received after year end. The following schedule summarizes accounts receivable for the years ended June 30, 2023, and 2022.

	2023	2022
ARPA receivable	\$ 189,543	\$ -
Miscellaneous receivables	19,076	9,273
Total accounts receivable	\$ 208,619	\$ 9,273

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**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, 2023 and 2022.

	Fair value measurement at June 30, 2023	Fair value measurement at June 30, 2022
	Level I	Level I
NGCF Agency Fund	\$ 1,015,833	\$ 926,224
NGCF Food for Tomorrow Fund	215,494	196,626
<b>Total</b>	<b>\$ 1,231,327</b>	<b>\$ 1,122,850</b>

The following schedule summarizes investment returns in the Statement of Activities for the years ended June 30, 2023 and 2022.

	For the Years Ended June 30,	
	2023	2022
Interest and dividend income	\$ 47,720	\$ 81,157
Gain (loss) on investments	86,310	(293,116)
<b>Total investment return</b>	<b>\$ 134,030</b>	<b>\$ (211,959)</b>

**NOTE 7 – PROPERTY AND EQUIPMENT**

Fixed assets activity consisted of the following for the year ended June 30, 2023:

	June 30, 2022	Additions	Dispositions	June 30, 2023
Land and improvements	\$ 584,319	\$ 26,544	\$ -	\$ 610,863
Building	1,047,501	35,583	-	1,083,084
Equipment, furniture and fixtures	293,519	324,742	7,011	611,250
	1,925,339	386,869	7,011	2,305,197
Less: Accumulated depreciation	511,084	79,665	6,963	583,786
<b>Totals</b>	<b>\$ 1,414,255</b>	<b>\$ 307,204</b>	<b>\$ 48</b>	<b>\$ 1,721,411</b>

Fixed assets activity consisted of the following for the year ended June 30, 2022:

	June 30, 2021	Additions	Dispositions	June 30, 2022
Land and improvements	\$ 186,230	\$ 398,089	\$ -	\$ 584,319
Building	838,288	209,213	-	1,047,501
Equipment, furniture and fixtures	317,618	29,149	53,248	293,519
	1,342,136	636,451	53,248	1,925,339
Less: Accumulated depreciation	474,900	79,670	43,486	511,084
<b>Totals</b>	<b>\$ 867,236</b>	<b>\$ 556,781</b>	<b>\$ 9,762</b>	<b>\$ 1,414,255</b>



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**NOTE 8 – NOTES PAYABLE**

The schedule below is a reconciliation of notes payable as of June 30, 2023:

	<u>2023</u>
Notes payable - current	\$ 23,514
Notes payable - non-current	161,425
Total notes payable	<u>\$ 184,939</u>

The Organization signed a promissory note with Peach State Bank in June of 2023 with a principle of \$ 184,939, a maturity date of July 5, 2029 and carries an interest rate of 7.25 %. The first payment was made in August of 2023. This note was used to purchase a new Mack refrigerated box truck in order to maintain and expand the Organization’s ability to distribute food to those in need.

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 6.50% and matures on September 15, 2023. For the years ended June 30, 2023 and 2022, there was no balance on the line of credit.

As of June 30, 2023, maturities due within the next five years and thereafter are as follows:

<u>Year ending June 30,</u>	
2024	23,514
2025	27,492
2026	29,553
2027	31,768
2028	34,149
Thereafter	<u>38,463</u>
Total	<u>\$ 184,939</u>

**NOTE 9 - 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 10 – LEASES**

GMFB has obligations as a lessee for multiple trucks and copier machines with initial non-cancelable terms in excess of one year. Generally, the trucks have an initial lease term of 84 months and the Organization has the option to purchase at the conclusion at the lease term which management is fairly certain will be exercised. The Organization classifies these leases as finance leases. In addition, the Organization possesses two copier machines. The lease terms on these range from 36 to 48 months. The Organization typically identifies these as operating leases unless the lease period is a significant remainder of the leased assets’ remaining useful life. This was the case with one of the Organization’s copier leases and is identified as a finance lease. Payments made under lease contracts consist of fixed payments and variable payments, but payments due in subsequent periods for financial reporting consist of only fixed payments. The amortization of finance ROU assets is recognized straight-line over the lease period and was \$ 39,805 for the year ended June 30, 2023, and is recorded in “amortization of right-of-use asset” on the statement of functional expenses. The interest portion paid on finance lease liability recognized was \$ 9,228 for the year ended June 30, 2023, and is recorded in “interest” on the statement of functional expenses.

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**NOTE 10 – LEASES (CONT'D)**

The Organization made a cumulative effect adjustment on the statement of activities to increase net assets as of July 1, 2022, which represents the difference in net assets as an effect of the implementation of FASB ASC 842. The implementation of ASC 842 occurred in fiscal year 2023 and is not applicable to fiscal year 2022. The following schedule summarizes the implementation of ASC 842 as of July 1, 2022:

Finance lease cumulative adjustment	July 1, 2022
Finance right-of-use asset, net	\$ 162,655
Finance lease liability	159,016
Cumulative effect adjustment	\$ 3,639

The following schedule summarizes the current year interest and amortization of right-of-use assets, the net finance right-of-use assets, and finance lease liability as of June 30, 2023:

Finance Lease Cost	2023
Amortization of right-of-use asset	\$ 39,805
Interest on lease liabilities	9,228
Total finance lease cost	\$ 49,033
Finance right-of-use asset	
Beginning right-of-use asset	\$ 162,655
Less: Amortization of right-of-use asset	(39,805)
Right-of-use asset, net	\$ 122,850
Finance lease liability	
Beginning finance lease liability	\$ 159,016
Less: Reduction of lease liability	(40,512)
Finance lease liability	\$ 118,504

The reductions in lease liabilities for the years following June 30, 2023 are as follows:

	Finance Leases
2024	\$ 33,082
2025	25,140
2026	25,140
2027	25,140
2028	25,140
Thereafter	23,045
Total lease payments	156,687
Less present value adjustment	38,183
Present value of lease liabilities	\$ 118,504

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**NOTE 10 – LEASES (CONT'D)**

Reconciliation to discounted liabilities as of June 30, 2023 as presented:

	Finance Leases
Current lease liability	\$ 27,182
Non-current lease liability	91,322
Present value of lease liabilities	\$ 118,504

The following summarizes the weighted average remaining lease term and discount rate as of June 30:

	2023
<b>Weighted Average Remaining Lease Term</b>	
Finance leases	5.65
<b>Weighted Average Discount Rate</b>	
Finance leases	5.25%

The weighted average discount rate applied to the lease at the year end of the adoption period. GMFB determines its incremental borrowing rates by pulling the discount rate provided by the United States Federal Reserve as of the end of the implementation period to reflect a more accurate representation of discounts for the current period and periods subsequent thereof.

**NOTE 11 – CONTINGENT LIABILITY**

The Organization has entered into a contractual agreement with the Hall County Development Authority in exchange for expansion and renovation projects not to exceed \$ 2,578,000. Any amount of project costs that exceed the \$ 2,578,000 threshold will be paid out of pocket by the Organization. As of February 16, 2024, the Organization has paid \$ 737,899 and estimates an additional \$ 1,445,598 due to Hall County in additional cost toward the building expansion/renovations agreement and will be recognized in the year ended June 30, 2024 (Note 14).

**NOTE 12 – 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,	
	2023	2022
Food donations	\$ 6,394,708	\$ 6,102,036
Technology services	4,909	5,014
Repair services	-	3,150
Media and other services	20,648	16,500
Total Donated Goods and Services	\$ 6,420,265	\$ 6,126,700

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**NOTE 12 – 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, 2023, and 2022, the weighted average value of contributed food was \$ 1.93 and \$ 1.92 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, 2023 and 2022, GMFB received 3,313,320 and 3,178,144 pounds of food totaling \$ 6,394,708 and \$ 6,102,036 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 \$ 25,557 and \$ 24,664 for the years ended June 30, 2023 and 2022, respectively.

GMFB also acts as a partner distribution organization for food donations on behalf of the Atlanta Community Food Bank (ACFB). The GMFB redistributed 5,109,422 and 3,433,224 pounds of food on behalf of the ACFB for the years ended June 30, 2023 and 2022, respectively. These amounts are not included in the donated food in the previous paragraph.

**NOTE 13 – RETIREMENT PLAN**

GMFB maintains a retirement plan for certain employees. GMFB contributes 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, 2023 and 2022 were \$ 32,831 and \$ 32,764, respectively. These amounts are included in the caption "Salaries, wages and benefits" on the Statements of Functional Expenses.

**NOTE 14 – SUBSEQUENT EVENTS**

GMFB entered into a contractual agreement with the Hall County Development Authority to relinquish the title of their facility located at 1642 Calvary Industrial Drive SW Gainesville GA, 30507 for five years in exchange for expansion and renovation projects not to exceed \$ 2,578,000 so long as the Organization continues to operate as a food bank for the ten years subsequent to the contractual agreement. At the completion of the five-year term, the Organization will regain the title of the facility stated above at its fair market value in the form of an in-kind donation from the Hall County Development Authority. Any amount of project costs that exceed the \$ 2,578,000 threshold will be paid out of pocket by the Organization. As of February 16, 2024, the Organization has paid \$ 737,899 and estimates an additional \$ 1,445,598 due to Hall County in additional cost toward the building expansion/renovations agreement and will be recognized in the year ended June 30, 2024. As a result of this transaction, management is fairly certain that a material loss will occur on the disposition of assets as a result of the agreement and will be recognized in the year ended June 30, 2024. In connection with the preparation of the financial statements, management has evaluated events subsequent to the financial statement date through February 16, 2024, the date the financial statements were available to be issued.