

ATLANTA COMMUNITY FOOD BANK, INC.

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

JUNE 30, 2024



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The report accompanying this deliverable was issued
by Warren Averett, LLC.

ATLANTA COMMUNITY FOOD BANK, INC.
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Atlanta Community Food Bank, Inc.

Opinion

We have audited the accompanying consolidated statements of Atlanta Community Food Bank, Inc. (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2024, the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Atlanta Community Food Bank, Inc. as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Atlanta Community Food Bank, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 and *Government 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, including omissions, 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 consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 Atlanta Community 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Atlanta Community 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.

Report of Summarized Comparative Information

We have previously audited Atlanta Community Food Bank, Inc.'s 2023 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated December 13, 2023. In our opinion, the summarized comparative information presented herein, as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our reports dated November 22, 2024, on our consideration of Atlanta Community Food Bank, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of those reports is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. Those reports are an integral part of the audit performed in accordance with *Government Auditing Standards* in considering Atlanta Community Food Bank, Inc.'s internal control over financial reporting and compliance.

Warren Averett, LLC

Atlanta, Georgia
November 22, 2024

ATLANTA COMMUNITY FOOD BANK, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023

ASSETS	2024	2023
CURRENT ASSETS		
Cash and cash equivalents	\$ 23,230,010	\$ 1,899,703
Restricted cash	1,601,013	2,054,168
Receivables		
Share contributions and handling fees	101,806	137,676
Grants	4,349,872	8,355,279
Pledges	681,453	1,016,526
Pledges – capital campaign	3,405,860	496,544
Other	58,947	40,289
Inventory – donated	3,339,805	3,869,293
Inventory – purchased	215,560	2,370,605
Prepaid expenses	570,225	280,028
TOTAL CURRENT ASSETS	37,554,551	20,520,111
PROPERTY AND EQUIPMENT		
Land	7,034,368	7,034,368
Buildings and improvements	34,497,538	33,461,075
Furniture and equipment	6,884,495	9,197,086
Vehicles	4,547,706	4,009,684
TOTAL PROPERTY AND EQUIPMENT	52,964,107	53,702,213
Less accumulated depreciation	(13,505,222)	(14,690,646)
	39,458,885	39,011,567
Projects in progress	154,768	622,192
PROPERTY AND EQUIPMENT, NET	39,613,653	39,633,759
OTHER ASSETS		
Investments	51,791,054	47,954,731
Receivables, less current portion		
Pledges	-	400,000
Pledges – capital campaign	375,000	-
Notes receivable	66,314,100	66,314,100
Operating lease right-of-use assets, net	1,830,353	2,096,609
TOTAL OTHER ASSETS	120,310,507	116,765,440
TOTAL ASSETS	\$ 197,478,711	\$ 176,919,310

See notes to the consolidated financial statements.

**ATLANTA COMMUNITY FOOD BANK, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023**

LIABILITIES AND NET ASSETS		
	2024	2023
CURRENT LIABILITIES		
Accounts payable	\$ 4,395,015	\$ 4,512,436
Accrued liabilities	1,412,325	1,046,118
Deferred revenue	380,640	451,775
Current portion of operating lease liabilities	268,890	253,499
TOTAL CURRENT LIABILITIES	6,456,870	6,263,828
LONG-TERM LIABILITIES		
Operating lease liabilities, net of current portion	1,643,595	1,912,485
Loans payable – NMTC, net of unamortized costs	91,978,931	91,819,797
TOTAL LONG-TERM LIABILITIES	93,622,526	93,732,282
TOTAL LIABILITIES	100,079,396	99,996,110
NET ASSETS		
Without donor restrictions		
Undesignated	71,806,282	60,961,845
Board designated	12,713,603	11,415,348
Total net assets without donor restrictions	84,519,885	72,377,193
With donor restrictions		
Restricted by purpose or time	12,051,430	3,718,007
Restricted in perpetuity	828,000	828,000
Total net assets with donor restrictions	12,879,430	4,546,007
TOTAL NET ASSETS	97,399,315	76,923,200
TOTAL LIABILITIES AND NET ASSETS	\$ 197,478,711	\$ 176,919,310

See notes to the consolidated financial statements.

ATLANTA COMMUNITY FOOD BANK, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024
(with comparative totals for 2023)

	2024			2023
	Without Donor Restrictions	With Donor Restrictions	Total	Total
PUBLIC SUPPORT AND REVENUE SUPPORT				
Donated product	\$ 204,263,466	\$ -	\$ 204,263,466	\$ 183,573,707
Federal grants	39,241,190	-	39,241,190	14,422,515
Contributions	20,668,977	2,346,021	23,014,998	24,201,340
Contributions – capital campaign	-	10,399,607	10,399,607	-
In-kind contributions	291,938	-	291,938	185,298
Special events (net of direct costs of \$23,981 in 2024 and \$4,045 in 2023)	4,966,643	-	4,966,643	5,488,909
Net assets released from restrictions	4,680,496	(4,680,496)	-	-
TOTAL SUPPORT	274,112,710	8,065,132	282,177,842	227,871,769
REVENUE				
Share contributions and handling fees	3,360,062	-	3,360,062	3,300,777
Net investment income	5,317,112	268,291	5,585,403	3,420,435
Other income	781,834	-	781,834	1,057,037
TOTAL REVENUE	9,459,008	268,291	9,727,299	7,778,249
TOTAL SUPPORT AND REVENUE	283,571,718	8,333,423	291,905,141	235,650,018
EXPENSES				
PROGRAM SERVICES				
Collection, storage and distribution of food	251,649,114	-	251,649,114	227,613,547
Advocacy	4,038,349	-	4,038,349	1,368,091
TOTAL PROGRAM SERVICES	255,687,463	-	255,687,463	228,981,638
SUPPORTING SERVICES				
Management and general	9,533,648	-	9,533,648	9,322,629
Fundraising	6,207,915	-	6,207,915	5,938,539
TOTAL SUPPORTING SERVICES	15,741,563	-	15,741,563	15,261,168
TOTAL EXPENSES	271,429,026	-	271,429,026	244,242,806
CHANGE IN NET ASSETS	12,142,692	8,333,423	20,476,115	(8,592,788)
NET ASSETS AT:				
BEGINNING OF YEAR	72,377,193	4,546,007	76,923,200	90,180,814
Transfer of FWA net assets (See Note 1)	-	-	-	(4,664,826)
END OF YEAR	\$ 84,519,885	\$ 12,879,430	\$ 97,399,315	\$ 76,923,200

See notes to the consolidated financial statements.

**ATLANTA COMMUNITY FOOD BANK, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
PUBLIC SUPPORT AND REVENUE SUPPORT			
Donated product	\$ 183,573,707	\$ -	\$ 183,573,707
Federal grants	14,422,515	-	14,422,515
Contributions – ACFB	20,403,995	3,797,345	24,201,340
In-kind contributions	185,298	-	185,298
Special events (net of direct costs of \$4,045)	5,488,909	-	5,488,909
Net assets released from restrictions	2,065,620	(2,065,620)	-
TOTAL SUPPORT	<u>226,140,044</u>	<u>1,731,725</u>	<u>227,871,769</u>
REVENUE			
Share contributions and handling fees	3,300,777	-	3,300,777
Net investment income	3,292,327	128,108	3,420,435
Other income	1,057,037	-	1,057,037
TOTAL REVENUE	<u>7,650,141</u>	<u>128,108</u>	<u>7,778,249</u>
TOTAL SUPPORT AND REVENUE	<u>233,790,185</u>	<u>1,859,833</u>	<u>235,650,018</u>
EXPENSES			
PROGRAM SERVICES			
Collection, storage and distribution of food	227,613,547	-	227,613,547
Advocacy	1,368,091	-	1,368,091
TOTAL PROGRAM SERVICES	<u>228,981,638</u>	<u>-</u>	<u>228,981,638</u>
SUPPORTING SERVICES			
Management and general	9,322,629	-	9,322,629
Fundraising	5,938,539	-	5,938,539
TOTAL SUPPORTING SERVICES	<u>15,261,168</u>	<u>-</u>	<u>15,261,168</u>
TOTAL EXPENSES	<u>244,242,806</u>	<u>-</u>	<u>244,242,806</u>
CHANGE IN NET ASSETS	(10,452,621)	1,859,833	(8,592,788)
NET ASSETS AT:			
BEGINNING OF YEAR	85,179,640	5,001,174	90,180,814
Transfer of FWA net assets (See Note 1)	(2,349,826)	(2,315,000)	(4,664,826)
END OF YEAR	<u>\$ 72,377,193</u>	<u>\$ 4,546,007</u>	<u>\$ 76,923,200</u>

See notes to the consolidated financial statements.

ATLANTA COMMUNITY FOOD BANK, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024
(with comparative totals for 2023)

	Program Services			Supporting Services		2024 Total Expenses	2023 Total Expenses
	Collection, Storage and Distribution of Food	Advocacy	Total Program Services	Management and General	Fundraising		
Grants and other assistance	\$ 204,914,920	\$ 3,781,337	\$ 208,696,257	\$ -	\$ -	\$ 208,696,257	\$ 185,320,212
Purchased product distributed	24,466,720	-	24,466,720	-	-	24,466,720	25,176,099
Salaries, contract labor and payroll taxes	11,586,244	137,583	11,723,827	3,203,618	1,914,765	16,842,210	14,453,462
Professional services	1,147,460	89,000	1,236,460	1,459,563	1,977,818	4,673,841	4,280,068
Employee benefits	2,309,090	21,689	2,330,779	926,223	335,313	3,592,315	2,955,395
Depreciation	2,120,987	-	2,120,987	198,767	-	2,319,754	2,706,762
Occupancy	483,804	-	483,804	1,514,579	-	1,998,383	1,416,568
Miscellaneous	781,139	146	781,285	638,941	404,499	1,824,725	1,763,977
Product shipping and transportation	1,570,840	-	1,570,840	7,671	-	1,578,511	1,152,817
Promotional/event expenses	296,597	3,300	299,897	87,049	980,820	1,367,766	1,641,942
Information technology	675,565	-	675,565	153,471	187,069	1,016,105	766,177
Office expenses	398,547	295	398,842	145,430	359,294	903,566	750,201
Interest	-	-	-	771,697	-	771,697	617,116
Project expenses	726,507	-	726,507	-	892	727,399	667,771
Travel	128,155	4,758	132,913	130,012	27,935	290,860	240,591
Insurance	4,486	-	4,486	270,620	761	275,867	247,983
Conference/education/training	38,053	241	38,294	26,007	18,749	83,050	85,665
TOTAL EXPENSES	\$ 251,649,114	\$ 4,038,349	\$255,687,463	\$ 9,533,648	\$ 6,207,915	\$271,429,026	\$244,242,806

See notes to the consolidated financial statements.

**ATLANTA COMMUNITY FOOD BANK, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023**

	Program Services			Supporting Services		
	Collection, Storage and Distribution of Food	Advocacy	Total Program Services	Management and General	Fundraising	Total Expenses
Grants and other assistance	\$ 184,191,206	\$ 1,129,006	\$ 185,320,212	\$ -	\$ -	\$ 185,320,212
Purchased product distributed	25,176,099	-	25,176,099	-	-	25,176,099
Salaries, contract labor and payroll taxes	9,332,483	122,620	9,455,103	3,190,051	1,808,308	14,453,462
Professional services	1,293,138	85,500	1,378,638	1,372,038	1,529,392	4,280,068
Depreciation	2,003,969	-	2,003,969	702,793	-	2,706,762
Employee benefits	1,948,578	19,903	1,968,481	729,009	257,905	2,955,395
Occupancy	198,012	-	198,012	1,218,556	-	1,416,568
Promotional/event expenses	273,183	-	273,183	68,779	1,299,980	1,641,942
Miscellaneous	613,249	5,631	618,880	576,904	568,193	1,763,977
Product shipping and transportation	1,149,100	-	1,149,100	1,102	2,615	1,152,817
Project expenses	586,538	-	586,538	20,938	60,295	667,771
Information technology	450,852	-	450,852	236,535	78,790	766,177
Office expenses	269,970	211	270,181	197,652	282,368	750,201
Interest	-	-	-	612,692	4,424	617,116
Insurance	-	-	-	247,132	851	247,983
Travel	94,116	5,220	99,336	117,363	23,892	240,591
Conference/education/training	33,054	-	33,054	31,085	21,526	85,665
TOTAL EXPENSES	\$ 227,613,547	\$ 1,368,091	\$ 228,981,638	\$ 9,322,629	\$ 5,938,539	\$ 244,242,806

See notes to the consolidated financial statements.

**ATLANTA COMMUNITY FOOD BANK, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 20,476,115	\$ (8,592,788)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Transfer of FWA net assets	-	(4,664,826)
Depreciation	2,319,754	2,706,762
Loss on disposal of property and equipment	273,768	-
Amortization of loan closing costs	159,134	123,028
Noncash operating lease expense	266,256	112,003
Realized (gain) loss on sale of investments	(616,262)	914,121
Unrealized gain on investments	(4,201,110)	(3,436,694)
Decrease in inventory – donated	529,488	564,240
Change in assets and liabilities		
Decrease (increase) in receivables	1,473,376	(4,361,204)
Decrease (increase) in inventory – purchased	2,155,045	(1,747,286)
(Increase) decrease in prepaid expenses	(290,197)	90,593
Increase in accounts payable and accrued liabilities	248,786	898,624
Decrease in deferred revenue	(71,135)	(78,882)
Decrease in payments on operating lease liabilities	(253,499)	(42,628)
Net cash provided by (used in) operating activities	<u>22,469,519</u>	<u>(17,514,937)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property and equipment	(2,418,649)	(334,449)
Projects in progress	(154,767)	(622,192)
Investments	981,049	(7,100,152)
Issuance of note receivable	-	(11,089,000)
Net cash used in investing activities	<u>(1,592,367)</u>	<u>(19,145,793)</u>

See notes to the consolidated financial statements.

**ATLANTA COMMUNITY FOOD BANK, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loan payable - NMTC	\$ -	\$ 14,840,000
Loan closing costs	-	(505,483)
Net cash provided by financing activities	-	14,334,517
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	20,877,152	(22,326,213)
CASH AND CASH EQUIVALENTS AT:		
BEGINNING OF YEAR	3,953,871	26,280,084
END OF YEAR	<u>\$ 24,831,023</u>	<u>\$ 3,953,871</u>
Cash and cash equivalents – unrestricted	\$ 23,230,010	\$ 1,899,703
Cash and cash equivalents – restricted	1,601,013	2,054,168
	<u>\$ 24,831,023</u>	<u>\$ 3,953,871</u>
SUPPLEMENTAL CASH FLOW DISCLOSURES		
Cash paid for interest	<u>\$ 663,268</u>	<u>\$ 612,238</u>
Additions to right-of-use lease assets obtained from new operating lease liabilities	<u>\$ -</u>	<u>\$ 2,224,744</u>
Transfer of FWA net assets:		
Cash and cash equivalents	\$ -	\$ 2,009,160
Pledges receivable	-	1,265,000
Investments	-	1,301,513
Prepaid expenses	-	26,259
Property and equipment, net	-	100,688
Accounts payable and accrued expenses	-	(37,794)
	<u>\$ -</u>	<u>\$ 4,664,826</u>

See notes to the consolidated financial statements.

ATLANTA COMMUNITY FOOD BANK, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024

1. DESCRIPTION OF ORGANIZATION

Atlanta Community Food Bank, Inc. (ACFB) is a not-for-profit corporation whose mission is to fight hunger by engaging, educating, and empowering the community. ACFB was founded in 1979 and serves 29 counties in Metro Atlanta and North Georgia. ACFB's primary operational focus is the distribution of food and other donated grocery items. ACFB currently distributes over 125 million pounds of product each year to more than 700 not-for-profit partner agencies, including food pantries, community kitchens, shelters and other organizations that operate hunger relief programs. These partner agencies utilize the product from ACFB to provide groceries and meals for families and individuals suffering from hunger and food insecurity. In alignment with its mission, ACFB also operates several programs and initiatives that aid in education and advocacy, community building and ACFB partner agencies' capacity to provide for people in need. Among these projects and initiatives are:

- *Community Food Experience* – introduces groups of all ages to hunger and poverty issues in the U.S. and Georgia and is facilitated by ACFB's education and outreach staff.
- *Agency Capacity Building* – provides grants as well as consultation and workshops for ACFB partner agencies. This support increases an agency's ability to serve people in need in their specific location as well as to collaborate with other like-minded agencies to more fully address the impacts of poverty.
- *Community Food Center (CFC)* – local food distribution sites that provide food directly to neighbors in need in underserved communities. Located in Gwinnett, Cobb, Fulton and Clayton counties, the CFCs are operated by ACFB and volunteers. During 2024, the CFCs distributed more than 4.1 million pounds of food to an average of 1,671 clients per week. Three new CFCs were opened this year in underserved communities in Cobb, Gwinnett and Fulton counties.
- *Home Delivery Program* – ACFB is operating a home delivery program from the 3400 North Desert Drive location in East Point, Georgia. Delivery partners delivered an average of 880 individual food boxes per week for a total of 1.15 million pounds, for the period July 1, 2023, through June 30, 2024.

ACFB is a member of Feeding America, the nation's leading domestic hunger relief charity, in concert with over 200 other food banks nationwide.

ACFB Support Organization, Inc. (the Corporation) was formed on June 20, 2018, for the purpose of facilitating a New Markets Tax Credit transaction (see Note 5) to support construction and outfitting a new facility.

ACFB Charitable Investments (CI) was formed on September 8, 2021, for the purpose of facilitating a New Markets Tax Credit transaction for working capital (see Note 5).

Food Well Alliance, Inc. (FWA) was formed in partnership with ACFB in 2014 to connect Atlanta's local food movement around building healthier communities, transforming the local food system and improving lives. FWA was established through a grant from a single donor, which required ACFB to act in an agency capacity to establish and incubate FWA. As of July 1, 2022, ACFB no longer acted in an agency capacity to FWA, and the net assets were transferred.

ATLANTA COMMUNITY FOOD BANK, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

In accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-20, *Not-for-Profit Entities – Financially Related Entities*, since ACFB had a controlling financial interest in FWA, the Corporation and CI, prior to July 1, 2022, the entities were consolidated. As of July 1, 2022, ACFB no longer had a controlling financial interest in FWA, and the net assets were transferred to FWA.

Basis of Consolidation

The accompanying consolidated financial statements include the accounts of ACFB, the Corporation and CI, collectively referred to herein as the Food Bank. All inter-organization balances and transactions were eliminated in consolidation.

Basis of Presentation

The consolidated financial statements of the Food Bank have been prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, payables and other liabilities at year end. Net assets, revenues, expenses, gains and losses are recorded based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Food Bank, and changes therein, are classified and reported as follows:

Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions.

Board Designated – Assets designated by the Board of Directors (the Board) to be held for endowment or other specified purposes. The Board can elect to remove these designations in the future.

With Donor Restrictions – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Food Bank and/or passage of time, as well as net assets subject to donor-imposed stipulations that the Food Bank maintains in perpetuity. Earnings from the Food Bank's net assets held in perpetuity are restricted by donors to provide a permanent source of income.

Recently Adopted Accounting Guidance

Allowance for Credit Losses

In June 2016, the FASB issued ASC 326, *Financial Instruments – Credit Losses*, which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses.

The Food Bank adopted the standard effective July 1, 2023. The impact of the adoption was not considered material to the consolidated financial statements.

ATLANTA COMMUNITY FOOD BANK, INC.
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Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the consolidated financial statements and the reported amounts of support and expenses during the reported period. Actual results could differ from those estimates.

Contributions and Unconditional Promises to Give

Contributions are recorded and presented in accordance with FASB ASC 958-605, *Not-for-Profit Entities Revenue Recognition*. Contributions are recognized when the donor makes a promise to give to the Food Bank that is, in substance, unconditional. Unconditional promises to give are recorded as received. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give due in subsequent years are recorded at the present value of their net realizable value, using risk adjusted discount rates.

The Food Bank uses the allowance method to determine the uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises received. Since all pledges receivable were deemed to be collectible, there is no allowance for doubtful pledges at June 30, 2024 and 2023.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions received that are designated by the donor for specific purposes or for use in a future period are reported as an increase to net assets with donor restrictions.

Restrictions on contributions expire when a purpose or time restriction is accomplished. Upon satisfaction, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the accompanying consolidated statements of activities as net assets released from restrictions. Net assets with donor restrictions include the principal amount of contributions accepted with the stipulation from the donors that the principal be maintained in perpetuity.

Restricted contributions received in the same year in which the restrictions are met are recorded as an increase in restricted support at the time of receipt and as net assets released from restrictions upon satisfaction of the donor restriction.

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Noncash Contributions

Noncash contributions received and made are recorded at amounts that approximate market value at the date received or distributed.

	2024		2023	
	Pounds	Amount	Pounds	Amount
Donated product received				
Food – federal	17,640,306	\$ 30,694,132	11,003,999	\$ 17,276,278
Food – other donations	88,106,261	173,569,334	86,164,471	166,297,429
		<u>\$ 204,263,466</u>		<u>\$ 183,573,707</u>
Donated product distributed				
Food – federal	17,506,857	\$ 30,461,931	11,641,894	\$ 18,277,774
Food – other donations	88,554,817	174,452,989	85,965,509	165,913,432
		<u>\$ 204,914,920</u>		<u>\$ 184,191,206</u>

ACFB purchased 20,146,520 pounds of product and distributed 22,956,314 pounds of purchased product in the year ended June 30, 2024. ACFB purchased 21,243,084 pounds of product and distributed 19,189,281 pounds of purchased product in the year ended June 30, 2023.

In-kind Contributions

The Food Bank utilizes in-kind contributions to carry out its mission. All in-kind contributions received during the years ended June 30, 2024 and 2023, were considered without donor restrictions and able to be used by the Food Bank as determined by the Board of Directors and management. The Food Bank valued in-kind contributed services based on current market rates for comparable services. In-kind contributions are included in support revenue and program expenses in the accompanying consolidated statements of activities.

Contributed Services: Contributed services are recognized if the services received (1) create or enhance nonfinancial assets, or (2) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. The Food Bank receives numerous volunteer hours each year that are not valued in the consolidated financial statements because the services do not meet the criteria. For the year ended June 30, 2024, ACFB received over 41,000 volunteer visits, resulting in 128,000 hours of service. For the year ended June 30, 2023, ACFB received over 39,000 volunteer visits, resulting in 97,700 hours of service.

Other In-kind Contributions: The Food Bank receives various other in-kind contributions that is used to support its mission and values using estimated market values.

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The Food Bank received the following in-kind contributions for the years ended June 30:

	2024	2023
Professional services	\$ 201,678	\$ 140,098
Other	90,260	45,200
	\$ 291,938	\$ 185,298

Cash and Cash Equivalents and Restricted Cash

Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of less than three months. The carrying value of cash and cash equivalents approximates fair value because of their short maturities. Restricted cash, which is required to be held in separate bank accounts, included amounts restricted for payment of certain fees at June 30, 2024 and 2023.

Concentrations of Credit and Market Risk

The Food Bank maintains its cash in bank deposit accounts at financial institutions. Cash accounts are insured by the Federal Deposit Insurance Corporation for up to statutory limits. The Food Bank's cash balances periodically exceed the federally insured limit. At June 30, 2024 and 2023, the Food Bank's uninsured cash balance was \$24,246,311 and \$4,391,543, respectively. See Note 7 for restricted cash accounts included in the June 30, 2024 and 2023, cash balances.

Two and four donors represent 62% and 78% of the balance of pledges receivable at June 30, 2024 and 2023, respectively.

One donor represents 12% of donor contributions during the year ended June 30, 2024. There was no concentration of donor contributions during the year ended June 30, 2023.

Other Receivables

Receivables are stated as unpaid balances, less an allowance for credit losses. The Food Bank provides for losses on accounts using management's estimates of probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to the receivables. Management did not believe an allowance was necessary at June 30, 2024 or 2023.

Inventory

Inventory consists primarily of donated foods and related consumer products. Donated inventory has been valued in 2024 and 2023 at \$1.74 per pound and \$1.57 per pound, respectively, which is an approximation of the average national wholesale value of one pound of donated product. This value was derived from Feeding America, and management believes it is a fair representation of value for the purpose stated above. Feeding America engages RSM to perform annual independent procedures to determine the valuation of one pound of donated product.

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Investments

Investments are carried at fair value in accordance with FASB ASC 958-320, *Investments – Debt and Equity Securities for Not-for-Profit Organizations*. Under FASB ASC 820, *Fair Value Measurements and Disclosures*, fair value measurements are disclosed by level within the fair value hierarchy.

Investments measured and reported at fair value are classified and disclosed in one of the following categories:

- Level 1 – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.
- Level 2 – Valuations based on quoted prices in markets that are not active or based on valuation models for which all significant inputs are observable, either directly or indirectly.
- Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement. Level 3 investments include situations where there is little, if any, market activity for the investments. The inputs into the determination of fair value are based upon the best information in the circumstances and may require significant management judgment or estimation.

See Note 4 for investment categories.

The Food Bank holds certain fund of fund investments that are considered Level 2 investments. Management has determined broker reported prices are a reasonable estimation of fair value as of June 30, 2024 and 2023. Broker reported prices are determined using inputs including last trade prices, current market conditions, perceived market movements, news and other relevant information.

The fair value of money market funds is valued based on cost, which approximates fair value. The fair value of mutual funds, equities, bonds and exchange traded funds is valued at the closing price reported on an active market on which the security is traded.

These methods produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although management believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Property and Equipment

The Food Bank capitalizes all expenditures for property, furniture and equipment in excess of \$5,000. Property and equipment are recorded at cost or fair value, if donated, and are depreciated using the straight-line method as follows:

Buildings and improvements	15 - 30 years
Furniture and equipment	3 - 15 years
Vehicles	5 - 7 years

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Depreciation expense in the amount of \$2,319,754 and \$2,706,762 has been charged to operations for the years ended June 30, 2024 and 2023, respectively.

Right-of-Use Assets and Lease Liabilities

Effective July 1, 2022, the Food Bank adopted FASB ASC Topic 842, *Leases* (Topic 842). Under Topic 842, a lessee is required to recognize a lease liability and a right-of-use lease asset on the consolidated statements of financial position. Upon adoption of the new guidance, the Food Bank recognized right-of-use lease assets and lease liabilities of \$2,224,744 and \$2,208,612, respectively. There was no cumulative effect adjustment to the Food Bank's net assets as a result of the adoption of this standard.

In connection with the adoption of Topic 842, the Food Bank elected to apply the following practical expedients:

- not to reassess whether a contract includes an embedded lease at adoption;
- not to reassess the previously determined classification of a lease as operating or capital;
- not to reassess previously recorded initial direct costs;
- election of an accounting policy that permits inclusion of both the lease and non-lease components as a single lease component;
- election of an accounting policy to exclude lease accounting requirements for leases that have terms of less than 12 months; and
- the use of hindsight in determining the lease term and in assessing impairment of right-of-use assets.

In accordance with Topic 842, at lease commencement, the Food Bank initially measures the lease liability at the present value of payments expected to be made during the lease term. The right-of-use lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs.

Key estimates and judgments related to leases include how the Food Bank determines: (1) the discount rate used to discount the expected lease payments to present value, (2) lease term, and (3) lease payments. The Food Bank uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Food Bank generally uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancelable period of the lease, as well as expected renewal terms. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options are only included in the lease term if the lease is reasonably certain to be extended.

The Food Bank monitors changes in circumstances that would require a remeasurement of its leases and will remeasure right-of-use lease assets and liabilities if certain changes occur that are expected to significantly affect the amount of any lease liability.

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Compensated Absences

It is the Food Bank's policy to permit employees to accumulate earned, but unused, paid time-off (PTO) benefits. In accordance with the provisions of FASB ASC 710-10-25, *Recognition of Compensated Absences*, no liability is reported for unpaid accumulated sick leave because the benefits are paid only upon illness of an employee, the amounts of such payments cannot be reasonably estimated, nor are they paid if an employee leaves the Food Bank. All PTO is accrued when earned; a maximum of 40 hours can be carried over to the next fiscal year.

Grant Revenue and Deferred Revenue

Grant revenue is primarily recognized on a reimbursement basis and is recognized as expenditures are made and related work progresses. Unexpended funds received under these grants and contracts are recorded as deferred revenue. At June 30, 2024 and 2023, deferred revenue also includes special event sponsorships and ticket sales that relate to an event in the subsequent year.

Share Contributions and Handling Fees

Share contributions and handling fees consist of those amounts paid to the Food Bank by agencies as a contribution to defray the costs of storage and distribution of food and other items. The food is picked up from the Food Bank by the agency or delivered by the Food Bank to agency sites for distribution to those in need. Share contributions and handling fees are reported net of cash credits to affiliated agencies. Cash credits are contributions received by the Food Bank on behalf of affiliated agencies.

Functional Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the consolidated statements of activities and functional expenses. Accordingly, personnel costs have been allocated among the programs and supporting services benefited based on estimates of time and effort and occupancy costs have been allocated on the basis of the function of the personnel using the space involved.

Income Taxes

ACFB is exempt from income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code (IRC) and is classified as an organization which is not a private foundation under Section 509(a) of the IRC. ACFB qualifies for the charitable contribution deduction.

Fair Value of Financial Instruments

Financial instruments, primarily cash, receivables, accounts payable and loans payable are reported at values which the Food Bank believes are not significantly different from fair values. The Food Bank believes no significant credit risk exists with respect to any of its financial instruments.

Subsequent Events

Management has evaluated events and transactions that occurred between June 30, 2024, and November 22, 2024, which is the date that the consolidated financial statements were available to be issued, for possible recognition or disclosure in the consolidated financial statements.

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3. PLEDGES RECEIVABLE

The Food Bank's pledges receivable at June 30, 2024 and 2023, are comprised of the following:

	<u>2024</u>	<u>2023</u>
Pledges receivable	\$ 681,453	\$ 1,416,526
Pledges receivable – capital campaign	3,780,860	496,544
Total pledges receivable	<u>\$ 4,462,313</u>	<u>\$ 1,913,070</u>

Pledges receivable at June 30, 2024, are receivable as follows:

<u>Year ending June 30,</u>	
2025	\$ 4,087,313
2026	375,000
Total pledges receivable	<u>\$ 4,462,313</u>

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4. INVESTMENTS

The Food Bank's investments at June 30, 2024 and 2023, are comprised of the following:

	2024		2023	
	Fair Value	Cost	Fair Value	Cost
Level 1 investments				
Money market funds	\$ 2,355,042	\$ 2,355,042	\$ 4,319,944	\$ 4,319,944
Mutual funds				
Diversified Emerging Markets	1,960,230	2,182,193	1,910,780	2,227,768
Strategic Income				
Enhanced Yield/Commodities	1,503,411	1,352,165	1,399,894	1,346,422
Small Cap	1,310,347	1,197,024	1,398,726	1,295,444
Small Cap Index	1,312,383	1,088,048	1,299,348	1,196,961
U.S. Large Cap Value	3,637,902	3,134,242	3,351,973	3,263,690
U.S. Large Cap Growth	2,867,600	2,314,202	-	-
U.S. Mid-Cap Core	2,416,642	2,280,969	2,431,887	2,533,395
Individual equities				
U.S. Large Cap Blend	12,876,151	8,445,563	12,550,193	10,123,723
U.S. Mid-Cap Growth	2,817,370	2,078,517	2,592,948	2,150,301
International American Depositary Receipts	4,345,263	3,608,838	4,181,603	3,750,295
Individual bonds				
U.S. Treasury and Federal Agency	7,673,646	7,843,355	6,436,095	6,727,898
U.S. Taxable Corporate	3,686,823	3,783,300	3,207,296	3,370,115
Total Level 1 investments	48,762,810	41,663,458	45,080,687	42,305,956
Level 2 investments – United States				
Limited partnership alternatives				
Non-Directional Single Strategy Hedge FOF	443,805	443,805	392,625	250,000
Directional Multi-Strategy Hedge FOF	1,218,139	1,218,139	1,117,203	1,125,000
Other fund of fund alternatives				
Private Real Estate/Real				
Assets Fund of Funds	1,366,300	1,342,981	1,364,216	1,352,214
Total Level 2 investments	3,028,244	3,004,925	2,874,044	2,727,214
Total investments	\$ 51,791,054	\$ 44,668,383	\$ 47,954,731	\$ 45,033,170

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Investment income for the years ended June 30, 2024 and 2023, is composed of:

	<u>2024</u>	<u>2023</u>
Interest income	\$ 933,706	\$ 1,031,782
Brokerage fees	(165,675)	(133,920)
Unrealized gain on investments	4,201,110	3,436,694
Realized gain (loss) on investments	<u>616,262</u>	<u>(914,121)</u>
Net investment income	<u>\$ 5,585,403</u>	<u>\$ 3,420,435</u>

5. NEW MARKETS TAX CREDIT TRANSACTIONS

The New Markets Tax Credit Program (NMTC Program) was established by Congress in 2000 to attract investment capital to low-income communities by permitting investors to receive tax credit incentives in exchange for making equity investments in certified Community Development Entities (CDEs). Under this program, certain commercial banks and other investors are able to subsidize eligible projects that meet the NMTC Program requirements.

ACFB's new facility is located within a census tract that is eligible for the NMTC Program. In order to benefit under the NMTC Program, in September 2018, ACFB entered into a series of agreements and transactions with four CDEs and ACFB Investment Fund, Inc. (Investment Fund) affiliated with a commercial bank. ACFB determined that financing under the NMTC program would provide an attractive source of funding for the project, ultimately providing \$12,541,222 of additional capital to the project. ACFB formed ACFB Support Organization (Corporation) to facilitate the transaction, by issuance of a \$30,501,500 note receivable (see Note 6) to the Investment Fund. A portion of the funds loaned were financed by a \$30,784,665 bridge loan agreement with the bank, proceeds of which funded construction costs. The bridge loan was repaid in 2020 using funds raised in the capital campaign.

In November 2021, ACFB entered into an additional series of agreements and transactions with two CDEs and ACFB II Investment Fund, Inc. (Investment Fund II) affiliated with a commercial bank. ACFB formed ACFB Charitable Investments (CI) to facilitate the transaction, by issuance of a \$24,723,600 note receivable (see Note 6) to the Investment Fund II. This transaction provided an additional \$5,811,174 in working capital to ACFB.

In December 2022, ACFB entered into a third series of agreements and transactions with two CDEs and ACFB III Investment Fund, Inc. (Investment Fund III) affiliated with a commercial bank. ACFB utilized CI to facilitate the transaction, by issuance of a \$11,089,000 note receivable (see Note 6) to the Investment Fund III. This transaction provided an additional \$2,360,285 in working capital to ACFB.

Also, see Note 7 for notes payable to the CDEs totaling \$92,760,000.

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6. NOTES RECEIVABLE

On September 20, 2018, ACFB executed a \$30,501,500 note receivable with the Investment Fund as part of the NMTC transaction (see Note 5). The note receivable, including all accrued interest, is due in full on September 20, 2046. The note requires quarterly interest only payments for the initial seven-year period. The note then amortizes over the remaining 21 years. Interest accrues at 1% per annum. Quarterly interest payments commenced December 15, 2018. Interest payments totaled \$305,015 for each of the years ended June 30, 2024 and 2023. At June 30, 2024 and 2023, the balance of the note receivable was \$30,501,500.

On November 24, 2021, ACFB executed a \$24,723,600 note receivable with the Investment Fund II as part of the NMTC transaction (see Note 5). The note receivable, including all accrued interest, is due in full on July 31, 2049. The note requires quarterly interest only payments for the initial seven-year period. The note then amortizes over the remaining 21 years. Interest accrues at 1% per annum. Quarterly interest payments commenced December 15, 2021. Interest payments totaled \$247,236 and \$254,578 for the years ended June 30, 2024 and 2023, respectively. At June 30, 2024 and 2023, the balance on the note receivable was \$24,723,600.

On December 21, 2022, ACFB executed a \$11,089,000 note receivable with the Investment Fund III as part of the NMTC transaction (see Note 5). The note receivable, including all accrued interest, is due in full on July 31, 2049. The note requires quarterly interest only payments for the initial seven-year period. The note then amortizes over the remaining 21 years. Interest accrues at 1% per annum. Quarterly interest payments commenced December 21, 2022. Interest payments totaled \$110,890 and \$31,589 for the years ended June 30, 2024 and 2023. At June 30, 2024 and 2023, the balance on the note receivable was \$11,089,000.

7. LOANS PAYABLE

As discussed in Note 5, the Corporation received loans amounting to \$45,580,000 on September 19, 2018, through an NMTC transaction. The notes, which are due on September 20, 2053, require quarterly interest only payments for the initial seven-year period. The notes then amortize over the remaining 28 years. The notes bear interest at 1.0335% per annum. Interest payments totaled \$305,069 for each of the years ended June 30, 2024 and 2023. At June 30, 2024 and 2023, the outstanding balances totaled \$45,580,000.

As discussed in Note 5, CI received loans amounting to \$32,340,000 on November 24, 2021, through an NMTC transaction. The notes, which are due on July 31, 2049, require quarterly interest only payments for the initial seven-year period. The notes then amortize over the remaining 21 years. The notes bear interest at 1.0000% per annum. Interest payments totaled \$247,291 for each of the years ended June 30, 2024 and 2023, respectively. At June 30, 2024 and 2023, the outstanding balances totaled \$32,340,000.

As discussed in Note 5, CI received additional loans amounting to \$14,840,000 on December 21, 2022, through an NMTC transaction. The notes, which are due on July 31, 2049, require quarterly interest only payments for the initial seven-year period. The notes then amortize over the remaining 21 years. The notes bear interest at 1.0000% per annum. Interest payments totaled

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\$110,908 and \$59,878 for 2024 and 2023, respectively. At June 30, 2024 and June 30, 2023, the outstanding balances totaled \$14,840,000.

Reserve accounts were established in connection with the NMTC transactions to provide additional security to the lenders. ACFB does not have access to withdraw funds from these accounts. The lenders have access to withdraw funds from the interest and fee reserve accounts for interest or fees. Reserve account balances at June 30 were as follows:

	<u>2024</u>	<u>2023</u>
Raza Development Fund reserve	\$ 439,554	\$ 537,719
Rural Development Partners reserve	185,565	321,487
BlueHub Capital reserve	305,093	375,773
CAHEC Fee reserve	280,835	326,546
Carver State Bank reserve	278,889	328,889
The Reinvestment Fund reserve	111,077	163,754
	<u>\$ 1,601,013</u>	<u>\$ 2,054,168</u>

No prepayment is allowed on the NMTC notes during the initial seven-year period.

Total interest cost of \$663,268 and \$612,238 was recognized during the years ended June 30, 2024 and 2023, respectively.

Long-term debt consisted of the following as of June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Notes payable	\$ 92,760,000	\$ 92,760,000
Less unamortized loan closing costs	<u>(781,069)</u>	<u>(940,203)</u>
Notes payable net of unamortized loan closing costs	<u>\$ 91,978,931</u>	<u>\$ 91,819,797</u>

The net unamortized amount of debt issuance costs as of June 30, 2024 and 2023, amounted to \$781,069 and \$940,203, respectively. The unamortized loan cost includes \$1,113,935 of loan costs at June 30, 2024 and 2023, and accumulated amortization of \$332,866 and \$173,732, respectively. Amortization expense amounted to \$159,134 and \$123,028 for 2024 and 2023, respectively.

8. COMPOSITION OF NET ASSETS

Board Designated

The Board of the Food Bank reviews its plans for future needs and from time to time designates appropriate sums of net assets without donor restrictions to assure adequate funding for financing such activities. At June 30, 2024 and 2023, net assets without donor restrictions have been

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designated by the Board for future programming totaling \$12,713,603 and \$11,415,348, respectively.

Endowment

The Board of the Food Bank has interpreted the Georgia Prudent Management of Institutional Funds Act (GPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Food Bank classifies as net assets with donor restrictions the historical value of donor-restricted endowment funds, which includes: (1) the original value of gifts donated to the permanent endowment, (2) the original value of subsequent gifts to the permanent endowment, and (3) changes to the permanent endowment made in accordance with the direction of the applicable donor gift instrument. Also included in net assets with donor restrictions is accumulated appreciation on donor-restricted endowment funds that are available for expenditure in a manner consistent with the standard of prudence prescribed by GPMIFA, and deficiencies associated with funds where the value of the fund has fallen below the original value of the gift.

In accordance with GPMIFA, the Food Bank considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Food Bank, and (7) the Food Bank's investment policies.

Investment Policy

The Food Bank has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Food Bank must hold in perpetuity or for a donor-specified period as well as board-designated funds. Under this policy, the endowment assets are invested in a manner recommended by the finance committee and approved by the Board of Directors.

To satisfy its long-term rate-of-return objectives, the Food Bank relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Food Bank targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy

The Food Bank has a policy of appropriating for distribution each year 4% of the average total market value of the endowment for the trailing three-year period ending June 30 unless otherwise approved by ACFB's Board of Directors. In the event the average annualized total return for the trailing three-year period fails to equal or exceed 4%, the Food Bank shall distribute only the Net Income (defined as interest, dividends and other income receipts from investments less expenses) until such time as the trailing three-year return again equals or exceeds 4%. In making distributions, the Food Bank is authorized to use both the Net Income and Net Capital

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Appreciation (defined as realized and unrealized appreciation in the fair market value of the investments) in excess of the fund's Historic Dollar Value (i.e., corpus).

The Food Bank's executive committee shall have discretion over whether or not distributions are appropriated. If it is determined that a distribution is not needed in a particular year, the executive committee may waive the distribution for the current year, and no appropriation will be made.

Endowment net asset composition by type of fund as of June 30, 2024, is as follows:

	With Donor Restrictions		
	Original Gift Amount	Accumulated Gains and Other	Total with Donor Restrictions
William F. Shallenberger Trust Fund	\$ 738,000	\$ 1,940,539	\$ 2,678,539
Endowment for Atlanta's Table	90,000	-	90,000
Total funds	<u>\$ 828,000</u>	<u>\$ 1,940,539</u>	<u>\$ 2,768,539</u>

Endowment net asset composition by type of fund as of June 30, 2023, is as follows:

	With Donor Restrictions		
	Original Gift Amount	Accumulated Gains and Other	Total with Donor Restrictions
William F. Shallenberger Trust Fund	\$ 738,000	\$ 1,672,248	\$ 2,410,248
Endowment for Atlanta's Table	90,000	-	90,000
Total funds	<u>\$ 828,000</u>	<u>\$ 1,672,248</u>	<u>\$ 2,500,248</u>

Changes in endowment net assets for the year ended June 30, 2024, are as follows:

	With Donor Restrictions		
	Original Gift Amount	Accumulated Gains and Other	Total with Donor Restrictions
Endowment net assets July 1, 2023	\$ 828,000	\$ 1,672,248	\$ 2,500,248
Investment income, net	-	35,050	35,050
Net appreciation	-	233,241	233,241
Appropriated for expenditure	-	-	-
Endowment net assets June 30, 2024	<u>\$ 828,000</u>	<u>\$ 1,940,539</u>	<u>\$ 2,768,539</u>

ATLANTA COMMUNITY FOOD BANK, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024

Changes in endowment net assets for the year ended June 30, 2023, are as follows:

	With Donor Restrictions		
	Original Gift Amount	Accumulated Gains (Losses) and Other	Total with Donor Restrictions
Endowment net assets July 1, 2022	\$ 828,000	\$ 1,544,140	\$ 2,372,140
Investment income, net	-	35,863	35,863
Net appreciation	-	92,245	92,245
Appropriated for expenditure	-	-	-
Endowment net assets June 30, 2023	<u>\$ 828,000</u>	<u>\$ 1,672,248</u>	<u>\$ 2,500,248</u>

Net Assets with Donor Restrictions

Net assets with donor restrictions were available for the following purposes at June 30, 2024 and 2023:

	2024	2023
Subject to expenditures for specific purpose:		
Healthy initiatives	\$ 1,029,726	\$ 1,551,764
Endowment earnings	1,940,539	1,672,248
Other programming	258,856	493,995
Capital campaign	8,822,309	-
	<u>\$ 12,051,430</u>	<u>\$ 3,718,007</u>

Net assets with donor restrictions released from restrictions during the years ended June 30 were as follows:

	2024	2023
Healthy initiatives	\$ 1,136,637	\$ 1,991,746
Other programming	275,139	73,874
Capital campaign	3,268,720	-
	<u>\$ 4,680,496</u>	<u>\$ 2,065,620</u>

Net assets subject to restrictions in perpetuity are restricted by donors for investment purposes with income to provide a permanent source of income.

ATLANTA COMMUNITY FOOD BANK, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024

9. RIGHT-OF-USE LEASE ASSETS AND LEASE LIABILITIES

Right-of-use assets and lease liabilities are classified as follows on the consolidated statements of financial position as of June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Operating Leases		
Operating lease right-of-use assets, net	\$ 1,830,353	\$ 2,096,609
Current portion of operating lease liabilities	\$ 268,890	\$ 253,499
Operating lease liabilities, net of current portion	<u>1,643,595</u>	<u>1,912,485</u>
Total operating lease liabilities	<u>\$ 1,912,485</u>	<u>\$ 2,165,984</u>

The following summarizes the weighted average remaining lease term and discount rate as of June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Weighted Average Remaining Lease Term		
Operating leases	8.17 years	8.78 years
Weighted Average Discount Rate		
Operating leases	4.06%	3.92%

Future maturities of lease liabilities as of June 30, 2024, were as follows:

<u>For the Years Ending June 30,</u>	
2025	\$ 341,559
2026	264,251
2027	234,692
2028	236,628
2029	246,635
Thereafter	<u>947,103</u>
Total lease payments	2,270,868
Less interest	<u>(358,383)</u>
Present value of lease liabilities	<u>\$ 1,912,485</u>

ATLANTA COMMUNITY FOOD BANK, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024

The following is a summary of lease expense recorded in the consolidated statements of activities for the years ended June 30, 2024 and 2023:

	2024	2023
Operating lease expense included in:		
Collection, storage and distribution of food	\$ 300,482	\$ 184,820
Management and general	10,181	13,926
Fundraising	21,498	-
	\$ 332,161	\$ 198,746

Not included in the amounts above are leases with an initial term of 12 months or less. Expense for these such leases is insignificant for the years ended June 30, 2024 and 2023.

10. COMMITMENTS

ACFB entered into a contract on March 5, 2018, with the Georgia Mountain Food Bank (GMFB), another 501(c) (3) organization to act as a PDO (Partner Distribution Organization) on behalf of ACFB and Feeding America. Under the terms of the agreement the GMFB acts as a limited agent for the delivery of certain food services within a selected and assigned service area that has specifically been delegated by ACFB and agreed to by both parties.

Key terms of the agreement are as follows:

- 1) The two organizations will remain separately organized, independent entities maintaining separate facilities and equipment. Each of the entities will maintain their own independent records and financial statements; however, they will share this information with each other. They will each maintain their own separate marketing and donor relations as well as other operations and will work together to ensure that they resolve any conflicts as to service area and local contacts.
- 2) GMFB provides ACFB the option of having one of their board members or another representative of the ACFB to serve as an ex-officio member of the GMFB's Board of Directors.

ACFB contributed \$114,089 and \$47,042 to GMFB for operations during the years ended June 30, 2024 and 2023, respectively.

11. RETIREMENT EXPENSE

The Food Bank has a defined contribution pension plan covering all employees, 21 years of age or older, who have completed one year of service. The Food Bank presently contributes 7.5% of the employee's annual gross salary. The amount contributed to the plan for the years ended June 30, 2024 and 2023, was \$1,068,295 and \$897,448, respectively.

ATLANTA COMMUNITY FOOD BANK, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024

12. LIQUIDITY AND FUNDS AVAILABLE

The following table reflects ACFB's financial assets as of June 30, 2024 and 2023, reduced by amounts not available for expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash, perpetual endowments, and accumulated earnings net of appropriations, within one year.

	<u>2024</u>	<u>2023</u>
Financial assets:		
Cash and cash equivalents	\$ 23,230,010	\$ 1,899,703
Receivables		
Share contributions and handling fees	101,806	137,676
Grants	4,349,872	8,355,279
Pledges	681,453	1,016,526
Pledges – capital campaign	3,405,860	496,544
Other	58,947	40,289
Investments	<u>51,791,054</u>	<u>47,954,731</u>
Financial assets, at year end	83,619,002	59,900,748
Less: assets unavailable for general expenditures within one year:		
Net assets with donor purpose or time restrictions	12,051,430	3,718,007
Net assets restricted in perpetuity	828,000	828,000
Board designations	12,713,603	11,415,348
Adjusted for: long-term pledges	<u>375,000</u>	<u>400,000</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 57,650,969</u>	<u>\$ 43,539,393</u>

ACFB is substantially supported by contributions and federal grants. Because a donor's restrictions require resources to be used in a particular manner or in a future period, ACFB must maintain sufficient resources to meet those responsibilities to donors. ACFB's endowment funds consist of donor-restricted endowments. Income from the donor-restricted endowment is restricted for investment purposes with income to provide a permanent source of income. Therefore, certain financial assets may not be available for general expenditures within one year. As part of ACFB'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. Board designated amounts could be made available if necessary.

SINGLE AUDIT SECTION

**INDEPENDENT AUDITORS' REPORT ON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

To the Board of Directors
Atlanta Community Food Bank, Inc.

We have audited the consolidated financial statements of Atlanta Community Food Bank, Inc. as of and for the year ended June 30, 2024, and have issued our report thereon dated November 22, 2024, which appears on pages 1 and 2 and contains an unmodified opinion on those consolidated financial statements. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis, and is not a required part of the basic consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Warren Averett, LLC

Atlanta, Georgia
November 22, 2024

**ATLANTA COMMUNITY FOOD BANK, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

Pass-Through Grantor/Program Title	Date of Service	Pass-Through Entity Identifying Number	Assistance Listing Number	Award Amount	Expenditures	Sub-Awardee Expenditures
U.S. Department of Treasury – Passed Through:						
Georgia Department of Treasury						
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	3/21-10/26	N/A	21.027	\$ 32,545,450	\$ 24,991,657	\$ -
Total Assistance Listing Number 21.027					24,991,657	-
Total U.S. Department of Treasury					24,991,657	-
U.S. Department of Agriculture – Passed Through:						
Georgia Department of Human Services:						
Emergency Food Assistance Program	10/22-9/23	42700-040-0000108361	10.568	2,433,574	326,099	-
Emergency Food Assistance Program	10/23-9/24	42700-040-0000112608	10.568	1,514,257	1,458,355	-
Emergency Food Assistance Program/Reach and Resiliency	7/23-6/25	42700-040-0000113236	10.568	1,067,191	286,255	68,499
Subtotal: Cash					2,070,709	68,499
Georgia Department of Human Services:						
Commodity Supplement Food Program (Food Commodities)			10.568		3,083,708	-
Temporary Emergency Food Assistance Program (Food Commodities)			10.568		27,378,223	-
Subtotal: Commodities					30,461,931	-
Total Assistance Listing Number 10.568					32,532,640	68,499
Georgia Department of Human Services:						
The Emergency Food Assistance Program (TEFAP)						
Commodity Credit Corporation Eligible Recipient Funds	7/23-6/24		10.187	751,066	751,066	-
Total Assistance Listing Number 10.187					751,066	-
Georgia Department of Human Services:						
Commodity Supplemental Food Program	10/22-9/23		10.565	383,553	335,614	-
Total Assistance Listing Number 10.565					335,614	-

See notes to the schedule of expenditures of federal awards.

**ATLANTA COMMUNITY FOOD BANK, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

Pass-Through Grantor/Program Title	Date of Service	Pass-Through Entity Identifying Number	Assistance Listing Number	Award Amount	Expenditures	Sub-Awardee Expenditures
Georgia Department of Human Services:						
State Administrative Matching Grants for Supplemental Nutrition Assistance	10/22-9/23	42700-040-0000108863	10.561	599,176	\$ 138,774	\$ -
State Administrative Matching Grants for Supplemental Nutrition Assistance	10/23-9/24	42700-040-0000113873	10.561	973,297	508,873	81,962
Total Assistance Listing Number 10.561					<u>647,647</u>	<u>81,962</u>
Total U.S. Department of Agriculture					<u>34,266,967</u>	<u>150,461</u>
U.S. Department of Health and Human Services – Passed Through:						
National Council on Aging/Medicare Enrollment Assistance Program	10/23-12/23	1426	93.071	15,000	15,000	-
National Council on Aging/Medicare Enrollment Assistance Program	1/24-8/25	1426	93.071	175,000	175,000	-
Total Assistance Listing Number 93.071					<u>190,000</u>	<u>-</u>
U.S. Department of Health and Human Services – Passed Through:						
Georgia Department of Human Services:						
Temporary Assistance for Needy Families/ Georgia Nutritional Assistance Program	5/23-9/23	42700-040-0000096615	93.558	4,650,500	1,073,812	903,686
Temporary Assistance for Needy Families/ Georgia Nutritional Assistance Program	10/23-9/24	42700-040-0000113398	93.558	7,450,500	6,413,099	3,394,863
Temporary Assistance for Needy Families/Nutrition in the Community for Excellence in Health	11/23-4/24	42700-040-0000114233	93.558	2,800,000	2,741,086	1,335,555
Total Assistance Listing Number 93.558					<u>10,227,997</u>	<u>5,634,104</u>
Total U.S. Department of Health and Human Services					<u>10,417,997</u>	<u>5,634,104</u>
U.S. Department of Homeland Security – Passed Through:						
United Way of Greater Atlanta:						
Emergency Food and Shelter Program	10/21-9/23	Phase 40	97.024	10,000	10,000	-
Emergency Food and Shelter Program	1/24-8/25	Phase 41	97.024	16,500	16,500	-
Total Assistance Listing Number 97.024					<u>26,500</u>	<u>-</u>
Total U.S. Department of Homeland Security					<u>26,500</u>	<u>-</u>
TOTAL FEDERAL AWARDS					<u><u>\$ 69,703,121</u></u>	<u><u>\$ 5,784,565</u></u>

See notes to the schedule of expenditures of federal awards.

ATLANTA COMMUNITY FOOD BANK, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2024

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Atlanta Community Food Bank, Inc. (ACFB) under programs of the federal government for the year ended June 30, 2024, and is presented on the accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of ACFB, it is not intended to, and does not, present the financial position, changes in net assets or cash flows of ACFB.

2. INDIRECT COST RATE

The Agency has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

3. FOOD DISTRIBUTION

Nonmonetary assistance is reported in the Schedule at the fair value of the commodities received and distributed. Commodities received and distributed during the year ended June 30, 2024, have been valued at \$1.74 per pound, which is an approximation of the average national wholesale value of one pound of donated product as derived from Feeding America. At June 30, 2024, ACFB had food commodities totaling \$760,980 in inventory.

4. RECONCILIATION OF SCHEDULE TO CONSOLIDATED FINANCIAL STATEMENTS

The following is a reconciliation of the total federal awards in the Schedule to the accompanying consolidated financial statements for the year ended June 30, 2024:

Financial Statement Presentation	
Consolidated Statement of Activities – federal grants	\$ 39,241,190
Consolidated Statement of Functional Expenses – federal portion of donated product distributed (see Note 2)	<u>30,461,931</u>
Total federal awards per the Schedule	<u><u>\$ 69,703,121</u></u>

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Atlanta Community Food Bank, Inc.

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Atlanta Community Food Bank, Inc. (ACFB) (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2024, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated November 22, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered ACFB's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of ACFB's internal control. Accordingly, we do not express an opinion on the effectiveness of ACFB's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether ACFB's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of ACFB's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering ACFB's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Warren Averett, LLC

Atlanta, Georgia
November 22, 2024

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors
Atlanta Community Food Bank, Inc.

Report on Compliance for Major Federal Programs

Opinion on Major Federal Program

We have audited Atlanta Community Food Bank, Inc.'s (ACFB) (a nonprofit organization) compliance with the types of compliance requirements identified as subject to audit in the Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on ACFB's major federal program for the year ended June 30, 2024. ACFB's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, ACFB complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2024.

Basis for Opinion on Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of ACFB and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the ACFB's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to ACFB's federal program.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on ACFB's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about ACFB's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 ACFB's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of ACFB's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the ACFB's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Warren Averett, LLC

Atlanta, Georgia
November 22, 2024

**ATLANTA COMMUNITY FOOD BANK, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2024**

Section 1 – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued:	Unmodified	
Internal control over financial reporting:		
Material weaknesses identified?	Yes ___	No <u>√</u>
Significant deficiencies identified?	Yes ___	None reported <u>√</u>
Noncompliance material to financial statements noted?	Yes ___	No <u>√</u>

Federal Awards

Internal control over major programs:		
Material weaknesses identified?	Yes ___	No <u>√</u>
Significant deficiencies identified?	Yes ___	None reported <u>√</u>

Type of auditor’s report issued on compliance for major programs:	Unmodified
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Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	Yes ___	No <u>√</u>
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Identification of Major Program

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Funds
Dollar threshold used to distinguish between type A and type B programs:	<u>\$ 2,091,094</u>
Auditee qualified as low-risk auditee?	Yes <u>√</u> No ___

**ATLANTA COMMUNITY FOOD BANK, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2024**

**Section 2 Financial Statement Findings Reported in Accordance with
 *Government Auditing Standards***

We noted no findings or questioned costs which are required to be reported under *Government Auditing Standards* for the year ended June 30, 2024.

Section 3 Federal Award Findings and Questioned Costs

We noted no findings or questioned costs which are required to be reported under Section 2 CFR 200.516(a), *Audits of States, Local Governments, and Non-Profit Organizations* for the year ended June 30, 2024.

Section 4 Status of Prior Year Findings

None