

ATLANTA COMMUNITY FOOD BANK, INC.

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

FOR THE YEAR ENDED JUNE 30, 2020

ATLANTA COMMUNITY FOOD BANK, INC.
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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Atlanta Community Food Bank, Inc. (a nonprofit organization) which comprise the consolidated statement of financial position as of June 30, 2020, 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the 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, 2020, and the changes in its consolidated net assets and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Atlanta Community Food Bank, Inc.'s 2019 consolidated financial statements, and our report dated December 2, 2019, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements of financial position as of June 30, 2020 and 2019, and consolidating statements of activities for the years ended June 30, 2020 and 2019 are presented for purposes of additional analysis and are not a required part of the 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 supplementary 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 supplementary information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Warren Averett, LLC

Atlanta, GA
December 17, 2020

ATLANTA COMMUNITY FOOD BANK, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

ASSETS	2020	2019
CURRENT ASSETS		
Cash and cash equivalents	\$ 35,743,882	\$ 8,748,581
Restricted cash	2,492,679	31,613,412
Receivables		
Share contributions and handling fees	85,243	43,247
Grants	2,631,805	2,288,872
Pledges	2,575,579	2,057,861
Pledges – capital campaign	2,462,119	3,671,012
Other	97,573	47,610
Inventory – donated	3,316,846	3,899,696
Inventory – purchased	569,470	372,911
Prepaid expenses	333,386	152,827
Total current assets	50,308,582	52,896,029
PROPERTY AND EQUIPMENT		
Land	7,034,368	4,271,134
Buildings and improvements	32,301,040	10,373,229
Furniture and equipment	8,704,798	6,253,697
Vehicles	3,448,419	2,227,295
Total property and equipment	51,488,625	23,125,355
Less accumulated depreciation	(6,564,163)	(11,223,300)
	44,924,462	11,902,055
Projects in progress	120,973	10,728,843
Property and equipment, net	45,045,435	22,630,898
OTHER ASSETS		
Investments	14,384,370	14,121,678
Receivables, less current portion		
Pledges	500,000	150,000
Pledges – capital campaign	2,095,515	3,947,640
Note receivable	30,501,500	30,501,500
Total other assets	47,481,385	48,720,818
TOTAL ASSETS	\$ 142,835,402	\$ 124,247,745

See notes to the consolidated financial statements.

ATLANTA COMMUNITY FOOD BANK, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION – CONTINUED
JUNE 30, 2020 AND 2019

LIABILITIES AND NET ASSETS		
	2020	2019
CURRENT LIABILITIES		
Accounts payable	\$ 4,368,116	\$ 3,477,891
Accrued liabilities	1,106,215	991,521
Deferred revenue	29,045	303,305
Deferred revenue – PPP grant	1,904,700	-
Total current liabilities	7,408,076	4,772,717
LONG-TERM LIABILITIES		
Loan payable – bridge loan	-	11,945,919
Loan payable – NMTC	45,580,000	45,580,000
Total long-term liabilities	45,580,000	57,525,919
TOTAL LIABILITIES	52,988,076	62,298,636
NET ASSETS		
Without donor restrictions		
Undesignated	72,274,861	33,244,175
Board designated	10,407,145	10,212,365
Total net assets without donor restrictions	82,682,006	43,456,540
With donor restrictions		
Restricted by purpose or time	6,337,320	17,664,569
Restricted in perpetuity	828,000	828,000
Total net assets with donor restrictions	7,165,320	18,492,569
TOTAL NET ASSETS	89,847,326	61,949,109
TOTAL LIABILITIES AND NET ASSETS	\$ 142,835,402	\$ 124,247,745

See notes to the consolidated financial statements.

ATLANTA COMMUNITY FOOD BANK, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020
(with comparative totals for 2019)

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total
PUBLIC SUPPORT AND REVENUE SUPPORT				
Donated product	\$ 106,069,334	\$ -	\$ 106,069,334	\$ 110,727,495
Federal grants	9,692,982	-	9,692,982	9,031,810
Contributions – ACFB	21,051,793	13,873,323	34,925,116	10,133,842
Contributions – ACFB capital campaign	-	1,057,095	1,057,095	25,216,222
Contributions – FWA	385,657	2,250,000	2,635,657	2,236,316
In-kind contributions	222,907	-	222,907	551,412
Special events (net of direct costs of \$29,857 and \$237,800, respectively)	4,471,642	-	4,471,642	4,663,708
Net assets released from restrictions	28,531,807	(28,531,807)	-	-
Total support	170,426,122	(11,351,389)	159,074,733	162,560,805
REVENUE				
Share contributions and handling fees	3,001,584	-	3,001,584	3,093,895
Net investment income	238,553	24,140	262,693	1,056,650
Other income	9,547,654	-	9,547,654	684,126
Total revenue	12,787,791	24,140	12,811,931	4,834,671
TOTAL SUPPORT AND REVENUE	183,213,913	(11,327,249)	171,886,664	167,395,476
EXPENSES				
PROGRAM SERVICES				
Collection, storage and distribution of food	133,089,813	-	133,089,813	132,059,835
Kids in Need	-	-	-	279,835
Advocacy	92,100	-	92,100	175,569
Total program services	133,181,913	-	133,181,913	132,515,239
SUPPORTING SERVICES				
Management and general	7,500,337	-	7,500,337	6,103,767
Fundraising	3,306,197	-	3,306,197	4,603,452
Total supporting services	10,806,534	-	10,806,534	10,707,219
TOTAL EXPENSES	143,988,447	-	143,988,447	143,222,458
CHANGES IN NET ASSETS	39,225,466	(11,327,249)	27,898,217	24,173,018
NET ASSETS AT				
BEGINNING OF YEAR	43,456,540	18,492,569	61,949,109	37,776,091
END OF YEAR	\$ 82,682,006	\$ 7,165,320	\$ 89,847,326	\$ 61,949,109

See notes to the consolidated financial statements.

ATLANTA COMMUNITY FOOD BANK, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020
(with comparative totals for 2019)

	Program Services			Supporting Services		2020 Total Expenses	2019 Total Expenses
	Collection, Storage and Distribution of Food	Advocacy	Total Program Services	Management and General	Fundraising		
Grants and other assistance	\$ 112,910,238	\$ -	\$ 112,910,238	\$ -	\$ -	\$ 112,910,238	\$ 115,896,873
Salaries, contract labor and payroll taxes	7,175,940	49,671	7,225,611	3,504,465	1,187,341	11,917,417	10,339,011
Product purchase	7,659,647	-	7,659,647	-	-	7,659,647	4,542,610
Employee benefits	1,340,457	4,039	1,344,496	352,080	147,245	1,843,821	1,761,106
Occupancy	463,143	-	463,143	595,129	11,964	1,070,236	886,565
Depreciation	763,383	-	763,383	330,937	-	1,094,320	1,118,121
Professional services	359,445	32,070	391,515	1,345,483	869,189	2,606,187	3,073,215
Project expenses	243,267	-	243,267	85,186	75,071	403,524	760,946
Office expenses	205,873	-	205,873	278,989	305,829	790,691	933,889
Product shipping & transportation	657,319	-	657,319	-	-	657,319	765,530
Information technology	421,699	-	421,699	95,430	93,733	610,862	486,423
Promotional/event expenses	146,092	854	146,946	96,440	536,688	780,074	989,331
Insurance	5,518	-	5,518	96,548	-	102,066	71,228
Travel	72,744	1,635	74,379	37,195	16,063	127,637	158,396
Interest	-	-	-	399,837	-	399,837	865,442
Conference/education/training	5,300	-	5,300	42,111	5,680	53,091	71,613
Miscellaneous	659,748	3,831	663,579	240,507	57,394	961,480	502,159
Total expenses	\$ 133,089,813	\$ 92,100	\$ 133,181,913	\$ 7,500,337	\$ 3,306,197	\$ 143,988,447	\$ 143,222,458

See notes to the consolidated financial statements.

**ATLANTA COMMUNITY FOOD BANK, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019**

	Program Services			Supporting Services			Total Expenses
	Collection, Storage and Distribution of Food	Kids in Need	Advocacy	Total Program Services	Management and General	Fundraising	
Grants and other assistance	\$ 115,896,873	\$ -	\$ -	\$ 115,896,873	\$ -	\$ -	\$ 115,896,873
Salaries, contract labor and payroll taxes	6,487,125	151,228	110,777	6,749,130	2,542,181	1,047,700	10,339,011
Product purchase	4,542,610	-	-	4,542,610	-	-	4,542,610
Employee benefits	1,258,165	32,555	16,325	1,307,045	351,483	102,578	1,761,106
Occupancy	383,122	81,150	-	464,272	410,672	11,621	886,565
Depreciation	774,699	5,022	-	779,721	338,400	-	1,118,121
Professional services	222,198	1,449	46,201	269,848	817,735	1,985,632	3,073,215
Project expenses	529,572	-	-	529,572	126,481	104,893	760,946
Office expenses	275,282	2,641	-	277,923	318,162	337,804	933,889
Product shipping & transportation	762,567	2,963	-	765,530	-	-	765,530
Information technology	376,741	-	-	376,741	17,769	91,913	486,423
Promotional/event expenses	59,572	-	-	59,572	55,962	873,797	989,331
Insurance	2,355	-	-	2,355	68,873	-	71,228
Travel	72,833	546	2,266	75,645	62,816	19,935	158,396
Interest	-	-	-	-	865,442	-	865,442
Conference/education/training	28,656	-	-	28,656	37,361	5,596	71,613
Miscellaneous	387,465	2,281	-	389,746	90,430	21,983	502,159
Total expenses	\$ 132,059,835	\$ 279,835	\$ 175,569	\$ 132,515,239	\$ 6,103,767	\$ 4,603,452	\$ 143,222,458

See notes to the consolidated financial statements.

ATLANTA COMMUNITY FOOD BANK, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 27,898,217	\$ 24,173,018
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation	1,094,320	1,118,121
Contribution of marketable securities	(1,229,171)	(464,559)
Gain on sale of equipment	(31,751)	-
Gain on sale of land and buildings	(8,771,644)	-
Loss (gain) on sale of investments	65,817	(99,780)
Unrealized gain on investments	(127,205)	(750,338)
Decrease in inventory – donated	582,850	233,471
Change in assets and liabilities		
Decrease (increase) in receivables	1,758,408	(5,279,468)
(Increase) decrease in inventory – purchased	(196,559)	274,271
(Increase) decrease in prepaid expenses	(180,559)	152,713
Increase in accounts payable and accrued liabilities	1,004,919	2,066,998
Decrease in deferred revenue	(274,260)	(38,949)
Increase in deferred revenue – PPP grant	1,904,700	-
Net cash provided by operating activities	<u>23,498,082</u>	<u>21,385,498</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property and equipment	(29,834,281)	(2,642,906)
Projects in progress	(129,685)	(10,728,843)
Proceeds from sale of equipment	68,503	-
Proceeds from sale of land and buildings	5,485,654	-
Investments	1,027,867	808,571
Issuance of note receivable	-	(30,501,500)
Net cash used in investing activities	<u>(23,381,942)</u>	<u>(43,064,678)</u>

See notes to the consolidated financial statements.

**ATLANTA COMMUNITY FOOD BANK, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS – CONTINUED
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loan payable – NMTC	\$ -	\$ 45,580,000
Proceeds from loan payable – bridge loan	-	30,784,665
Principal payments on loan payable – bridge loan	<u>(2,241,572)</u>	<u>(18,838,746)</u>
Net cash (used in) provided by financing activities	<u>(2,241,572)</u>	<u>57,525,919</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(2,125,432)	35,846,739
CASH AND CASH EQUIVALENTS – AT BEGINNING OF YEAR	<u>40,361,993</u>	<u>4,515,254</u>
AT END OF YEAR	<u>\$ 38,236,561</u>	<u>\$ 40,361,993</u>
Cash and cash equivalents – unrestricted	\$ 35,743,882	\$ 8,748,581
Cash and cash equivalents – restricted	<u>2,492,679</u>	<u>31,613,412</u>
	<u>\$ 38,236,561</u>	<u>\$ 40,361,993</u>
SUPPLEMENTAL CASH FLOW DISCLOSURES		
Capitalization of projects in progress	<u>\$ 10,850,663</u>	<u>\$ 252,686</u>
Cash paid for interest	<u>\$ 272,584</u>	<u>\$ 835,381</u>
Principal payment on loan payable paid from proceeds from sale of land and buildings	<u>\$ 9,704,347</u>	<u>\$ -</u>
Broker fees paid from proceeds from sale of land and buildings	<u>\$ 770,336</u>	<u>\$ -</u>

See notes to the consolidated financial statements.

ATLANTA COMMUNITY FOOD BANK, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

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 our 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 78 million pounds of product each year to more than 600 not-for-profit partner agencies, including food pantries, community kitchens, shelters and other organizations that operate hunger relief programs. These partner agencies in turn, 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:

- *Hunger 101* – introduces groups of all ages to hunger and poverty issues in the U.S. and Georgia through interactive programs facilitated by ACFB staff and volunteers, and a downloadable online curriculum.
- *Kids In Need (KIN)* – a free store for teachers, provides over 583,000 pounds of brand new school supplies each year for students whose academic success is threatened by poverty. KIN serves qualifying schools in 14 metro area school systems. ACFB transferred KIN inventory to the Empty Stocking Fund in the amount of \$3,394,784 as of June 30, 2019 and the KIN program was discontinued.
- *Agency Capacity Building & Community Building* – provides grants as well as consultation and workshops for ACFB partner agencies. This support increases agencies' 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.

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

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 our local food system and improving our 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.

ACFB Support Organization, Inc. (the Corporation) was formed on June 20, 2018, for the purpose of facilitating a New Markets Tax Credit transaction (Note 5).

In accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-20, *Not-for-Profit Entities – Financially Related Entities*, since ACFB has a controlling financial interest in FWA and the Corporation, the entities have been consolidated and are collectively referred to herein as the Food Bank.

In 2018, ACFB launched its \$50 million *Growing Healthy Futures* capital campaign. Proceeds from the campaign were used for land acquisition and construction of a new facility, growth of the partner agency network and grants for programs to increase access to food resources. ACFB moved into the new facility on March 1, 2020. The two buildings composing the former campus of ACFB were sold during 2020.

ATLANTA COMMUNITY FOOD BANK, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Consolidation

The accompanying consolidated financial statements include the accounts of ACFB, FWA and the Corporation. All inter-organization balances and transactions were eliminated in consolidation.

Adoption of New Accounting Pronouncement

In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606) superseding the guidance in former ASC 605, *Revenue Recognition*. It requires entities to recognize revenue based on the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The adoption did not have a material impact on the consolidated financial statements.

In June 2018, the FASB issued ASU No. 2018-08, *Not-for-Profit Entities* (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU is intended to assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The ASU clarifies that a contribution is conditional if the agreement includes one or more barriers that must be overcome for the recipient to be entitled to the assets transferred and a right of return for the transferred assets or a right of release of the promisor's obligation to transfer assets. The ASU became effective for the year ended June 30, 2020, and was adopted on a modified prospective basis. ACFB has elected the simultaneous release policy for federal and other reimbursement-based grants available under ASU 2018-08, which allows a not-for-profit organization to recognize a restricted contribution directly in net assets without donor restriction if the restriction is met in the same period that the revenue is recognized. As such, the timing, amount and presentation of revenue from federal grants has not materially changed as a result of adopting the provisions of ASU 2018-08.

Basis of Presentation

The consolidated financial statements of ACFB 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 ACFB 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 ACFB and/or passage of time as well as net assets subject to donor-imposed stipulations that ACFB maintain them in perpetuity. Earnings from ACFB's net assets held in perpetuity are restricted by donors to provide a permanent source of income.

ATLANTA COMMUNITY FOOD BANK, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Reclassifications

Certain 2019 accounts have been reclassified to conform to the 2020 presentation. Total net assets and changes in net assets, as previously reported for 2019, were unchanged due to these reclassifications.

Estimates

The preparation of 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 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, 2020 and 2019.

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 statement 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.

ATLANTA COMMUNITY FOOD BANK, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Noncash Contributions

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

	2020		2019	
	lbs	\$	lbs	\$
Donated product received				
Food – federal	19,356,580	\$ 28,841,303	16,706,030	\$ 25,393,165
Food – other donations	51,830,892	77,228,031	53,418,601	81,196,274
Other – Kids in Need	-	-	659,564	4,138,056
		<u>\$ 106,069,334</u>		<u>\$ 110,727,495</u>
Donated product distributed				
Food – federal	20,147,655	\$ 30,056,666	15,473,947	\$ 23,520,980
Food – other donations	51,386,727	76,566,223	53,236,018	80,918,747
Other – Kids in Need	-	-	1,113,539	6,993,934
		<u>\$ 106,622,889</u>		<u>\$ 111,433,661</u>

ACFB purchased 9,684,349 pounds of product and distributed 9,317,743 pounds of purchased product in the year ended June 30, 2020. ACFB purchased 6,104,326 pounds of product and distributed 6,103,303 pounds of purchased product in the year ended June 30, 2019.

Contributed Services

Contributed services are recognized if the services received (a) create or enhance nonfinancial assets or, (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Professional services recognized as of June 30, 2020 and 2019, in the accompanying consolidated financial statements are \$47,675 and \$367,032, respectively. However, not included in contributed services is the value of donated time by volunteers to aid in program and other services. These services were not included since they do not meet the criteria described above. ACFB received over 14,248 volunteer visits for the year ended June 30, 2020, resulting in 75,158 hours of service. For the year ended June 30, 2019, ACFB received over 44,866 volunteer visits, resulting in 111,084 hours of service.

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, includes amounts restricted for construction funds for the new facility.

ATLANTA COMMUNITY FOOD BANK, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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, 2020 and 2019, the Food Bank's uninsured cash balance was \$38,149,586 and \$40,951,933, respectively. See Note 8 for restricted cash accounts included in the June 30, 2020 and 2019 cash balance.

Four donors represent 52% of the balance of pledges receivable at June 30, 2020. Five donors represent 53% of the balance of pledges receivable at June 30, 2019.

At June 30, 2020 and 2019, approximately 10% and 40%, respectively, of contributions received were attributable to one donor.

Other Receivables

Receivables are stated as unpaid balances, less an allowance for doubtful accounts. 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.

Inventory

Inventory consists primarily of donated foods and related consumer products. Donated inventory has been valued in 2020 and 2019 at \$1.49 per pound and \$1.52 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.

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

Depreciation expense in the amount of \$1,094,320 and \$1,118,121 has been charged to operations for the year ended June 30, 2020 and 2019, respectively.

ATLANTA COMMUNITY FOOD BANK, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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 I – 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 II – 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 III – Valuations based on inputs that are unobservable and significant to the overall fair value measurement. Level III 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, 2020 and 2019. Broker reported prices are determined using inputs including last trade prices, current market conditions, perceived market movements, news and other relevant information.

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, and are not paid if an employee leaves the Food Bank. All PTO is accrued when earned; a maximum of forty 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, 2020 and 2019, deferred revenue also includes special event sponsorships and ticket sales that relate to an event in the subsequent year.

ATLANTA COMMUNITY FOOD BANK, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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 statement 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

The Food Bank is exempt from income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code and is classified as an organization which is not a private foundation under Section 509(a) of the U.S. Internal Revenue Code. The Food Bank 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.

Recently Issued Accounting Standards

In February 2016, the FASB issued ASU 2016-02, *Leases*, to increase transparency and improve comparability by requiring entities to recognize assets and liabilities on the balance sheets for all leases, with certain exceptions. In addition, through improved disclosure requirements, the standard update will enable users of financial statements to further understand the amount, timing and uncertainty of cash flows arising from leases. This new guidance will be effective for ACFB's fiscal year ending June 30, 2023; however, early adoption is permitted. Entities are allowed to apply the modified retrospective approach: (1) retrospectively to each prior reporting period presented in the financial statements with the cumulative-effect adjustment recognized at the beginning of the earliest comparative period presented; or (2) retrospectively at the beginning of the period of adoption through a cumulative effect adjustment. Management is currently evaluating the impact of adopting ASU 2016-02 on ACFB's consolidated financial position, results of activities, cash flows and related disclosures.

**ATLANTA COMMUNITY FOOD BANK, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Events Occurring After Report Date

Management has evaluated events and transactions that occurred between June 30, 2020 and December 17, 2020, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

3. PLEDGES RECEIVABLE

	<u>2020</u>	<u>2019</u>
Pledges receivable	\$ 3,075,579	\$ 2,207,861
Pledges receivable – capital campaign	4,557,634	7,618,652
Total pledges receivable	<u>\$ 7,633,213</u>	<u>\$ 9,826,513</u>

Pledges receivable at June 30, 2020, are receivable as follows:

Year ending June 30,		
2021		\$ 5,037,698
2022		1,718,847
2023		<u>876,668</u>
Total pledges receivable		<u>\$ 7,633,213</u>

ATLANTA COMMUNITY FOOD BANK, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

4. INVESTMENTS

The Food Bank's investments at June 30, 2020 and 2019, are comprised of the following:

	2020		2019	
	Fair Value	Cost	Fair Value	Cost
Level 1 investments - United States				
Money market funds	\$ 656,316	\$ 656,316	\$ 551,430	\$ 551,430
Mutual funds				
Emerging Markets Bond	978,847	980,065	1,033,559	962,413
International	245,027	254,989	281,904	254,191
Small Cap	222,449	195,000	259,177	269,926
Small Cap Index	227,469	205,197	244,546	205,197
Strategic Income	526,585	689,224	898,807	906,436
Individual equities				
U.S. Large Cap Blend	4,643,169	3,076,775	4,247,414	3,031,653
U.S. Mid Cap Growth	1,427,020	1,031,360	1,384,243	962,964
International American Depository Receipts	648,391	609,150	663,742	591,577
Individual bonds				
U.S. Treasury and Federal Agency	1,445,335	1,346,358	1,436,376	1,415,561
U.S. Taxable Corporate	1,686,356	1,648,546	1,378,089	1,391,294
Total Level 1 investments	<u>12,706,964</u>	<u>10,692,980</u>	<u>12,379,287</u>	<u>10,542,642</u>
Level 2 investments - United States				
Limited partnership alternatives				
Non-Directional Multi-Strategy Hedge FOF	590,958	625,000	671,570	625,000
Non-Directional Single Strategy Hedge FOF	317,685	250,000	287,400	250,000
Directional Multi-Strategy Hedge FOF	427,220	375,000	428,038	375,000
Other fund of funds alternatives				
Private Real Estate/Real Assets Fund of Funds	341,543	335,149	355,383	350,000
Total Level 2 investments	<u>1,677,406</u>	<u>1,585,149</u>	<u>1,742,391</u>	<u>1,600,000</u>
Total investments	<u>\$ 14,384,370</u>	<u>\$ 12,278,129</u>	<u>\$ 14,121,678</u>	<u>\$ 12,142,642</u>

Investment income for the year ended June 30, 2020 and 2019, is composed of:

	2020	2019
Interest income	\$ 240,304	\$ 242,588
Brokerage fees	(38,999)	(36,056)
Unrealized gain on investments	127,205	750,338
Realized gain on investments	(65,817)	99,780
Net investment income	<u>\$ 262,693</u>	<u>\$ 1,056,650</u>

ATLANTA COMMUNITY FOOD BANK, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

5. NEW MARKETS TAX CREDIT TRANSACTION

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 formed the 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 (see Note 8), proceeds of which funded construction costs. The bridge loan was repaid using funds raised in the capital campaign.

Also, see Note 8 for a note payable to the CDEs totaling \$45,580,000.

6. NOTE 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. At June 30, 2020 and 2019, the balance of the note receivable was \$30,501,500.

7. LINE OF CREDIT

On August 24, 2018 ACFB obtained a bank line of credit to pay capital expenses prior to the NMTC closing. The loan allowed maximum borrowings of \$4 million and had a maturity date of September 21, 2018. Interest on outstanding borrowings was payable equal to the sum of one-month LIBOR plus 0.30% per annum (2.68775% at June 30, 2019). During June 30, 2019, this line of credit was paid in full with proceeds from the bridge loan (see Note 8).

8. LOANS PAYABLE

On September 19, 2018, ACFB entered into a \$30,784,665 bridge loan with a commercial bank (bridge loan) used to fund ACFB's portion of the NMTC Program transaction. The bridge loan bore interest at a rate equal to the sum of one-month LIBOR plus 0.80% per annum (.93% at June 30, 2020) and matures on September 19, 2021. Monthly interest payments commenced November 1, 2018. The loan was secured by capital campaign pledges in excess of \$250,000 and certain investments. At June 30, 2019, the outstanding balance was \$11,945,919. The loan was paid in full during the year ended June 30, 2020.

ATLANTA COMMUNITY FOOD BANK, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

8. LOANS PAYABLE – CONTINUED

As discussed in Note 5, the Corporation received loans amounting to \$45,580,000 on September 19, 2018, through the 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. At June 30, 2020 and 2019, the outstanding balance was \$45,580,000.

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

Reserve accounts were established in connection with the NMTC transaction 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>2020</u>	<u>2019</u>
Construction Disbursement	\$ 1,444,329	\$ 30,378,153
RDP Fee Reserve	728,882	864,507
TRF Fee Reserve	319,468	370,701
Construction Interest Reserve	-	51
	<u>\$ 2,492,679</u>	<u>\$ 31,613,412</u>

Total interest cost of \$399,546 and \$865,442 was recognized during the years ended June 30, 2020 and 2019, respectively.

9. 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, 2020 and 2019, net assets without donor restrictions have been designated by the Board as follows:

	<u>2020</u>	<u>2019</u>
Future programming	\$ 9,262,645	\$ 9,080,166
Building fund endowment	532,703	532,703
Equipment replacement reserves	489,513	479,542
Emergency relief fund	122,284	119,954
	<u>\$ 10,407,145</u>	<u>\$ 10,212,365</u>

ATLANTA COMMUNITY FOOD BANK, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

9. COMPOSITION OF NET ASSETS – CONTINUED

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: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) 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 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).

**ATLANTA COMMUNITY FOOD BANK, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

9. COMPOSITION OF NET ASSETS – CONTINUED

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, 2020, is as follows:

	With Donor Restrictions		
	Original Gift Amount	Accumulated Gains (Losses) and Other	Total with Donor Restrictions
William F. Shallenberger Trust Fund	\$ 738,000	\$ 1,121,292	\$ 1,859,292
Endowment for Atlanta’s Table	90,000	-	90,000
Total funds	\$ 828,000	\$ 1,121,292	\$ 1,949,292

Endowment net asset composition by type of fund as of June 30, 2019, is as follows:

	With Donor Restrictions		
	Original Gift Amount	Accumulated Gains (Losses) and Other	Total with Donor Restrictions
William F. Shallenberger Trust Fund	\$ 738,000	\$ 1,097,152	\$ 1,835,152
Endowment for Atlanta’s Table	90,000	-	90,000
Total funds	\$ 828,000	\$ 1,097,152	\$ 1,925,152

Changes in endowment net assets for the year ended June 30, 2020, are as follows:

	With Donor Restrictions		
	Original Gift Amount	Accumulated Gains (Losses) and Other	Total with Donor Restrictions
Endowment net assets July 1, 2019	\$ 828,000	\$ 1,097,152	\$ 1,925,152
Investment income, net	-	24,681	24,681
Net appreciation	-	(541)	(541)
Appropriated for expenditure	-	-	-
Endowment net assets June 30, 2020	\$ 828,000	\$ 1,121,292	\$ 1,949,292

ATLANTA COMMUNITY FOOD BANK, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

9. COMPOSITION OF NET ASSETS – CONTINUED

Changes in endowment net assets for the year ended June 30, 2019, are as follows:

	With Donor Restrictions		
	Original Gift Amount	Accumulated Gains (Losses) and Other	Total with Donor Restrictions
Endowment net assets July 1, 2018	\$ 828,000	\$ 946,035	\$ 1,774,035
Investment income, net	-	25,340	25,340
Net appreciation	-	125,777	125,777
Appropriated for expenditure	-	-	-
Endowment net assets June 30, 2019	<u>\$ 828,000</u>	<u>\$ 1,097,152</u>	<u>\$ 1,925,152</u>

Net Assets with Donor Restrictions

Net assets with donor restrictions were available for the following purposes at June 30, 2020 and 2019:

	2020	2019
Subject to expenditures for specific time:		
Grants designated for future expenditures	\$ 2,250,000	\$ 2,176,160
Subject to expenditures for specific purpose:		
Capital campaign	-	13,109,839
Healthy initiatives	1,288,574	1,214,417
Endowment earnings	1,121,292	1,097,152
Other programming	1,677,454	67,001
	<u>\$ 6,337,320</u>	<u>\$ 17,664,569</u>

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

	2020	2019
Grants designated for future expenditures	\$ 2,176,160	\$ 2,235,400
Capital campaign	14,166,934	15,492,736
Healthy initiatives	11,351,840	1,689,126
Other programming	836,873	10,200
	<u>\$ 28,531,807</u>	<u>\$ 19,427,462</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, 2020 AND 2019

10. COMMITMENTS

Operating Lease

The Food Bank has obligations under various non-cancelable operating leases for office equipment. Future minimum lease payments for the years ending June 30 are as follows:

2021	\$	84,331
2022		95,531
2023		80,346
2024		82,727
2025		85,239
Thereafter		36,427

Commitments

ACFB entered into a contract on November 11, 2008, with the Georgia Mountain Food Bank (GMFB), another 501(c) (3) organization to act as an RDO (redistributing 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 \$54,565 and \$65,848 to GMFB for operations during the years ended June 30, 2020 and 2019, respectively.

Construction Contract

ACFB entered into a guaranteed maximum price contract on September 4, 2018, for the construction of a new facility in East Point, GA. The total amount of the contract, including change orders through June 30, 2019, is \$29,282,544 of which \$10,907,940 was completed. The remainder of the contract was substantially completed in the year ended June 30, 2020. The contract will be completed in the year ending June 30, 2021 and will be paid from construction reserve funds (see Note 8).

ATLANTA COMMUNITY FOOD BANK, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

11. RETIREMENT EXPENSE

The Food Bank has a defined contribution pension plan covering all employees, twenty-one 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, 2020 and 2019, was \$574,027 and \$545,044, respectively.

12. LIQUIDITY AND FUNDS AVAILABLE

The following table reflects ACFB's financial assets as of June 30, 2020 and 2019, reduced by amounts not available for expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, perpetual endowments and accumulated earnings net of appropriations within one year.

	<u>2020</u>	<u>2019</u>
Financial assets:		
Cash and cash equivalents	\$ 35,743,882	\$ 8,748,581
Receivables		
Share contributions and handling fees	85,243	43,247
Grants	2,631,805	2,288,872
Pledges	2,575,579	2,057,861
Pledges – capital campaign	2,462,119	3,671,012
Other	97,573	47,610
Investments	<u>14,384,370</u>	<u>14,121,678</u>
Financial assets, at year-end	57,980,571	30,978,861
Less: Assets unavailable for general expenditures within one year:		
Net assets with donor purpose or time restrictions	6,337,320	17,664,569
Net assets restricted in perpetuity	828,000	828,000
Board designations	<u>10,407,145</u>	<u>10,212,365</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 40,408,106</u>	<u>\$ 2,273,927</u>

ACFB is substantially supported by contributions and federal grants. Because a donor's restrictions requires 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 amount could be made available in necessary.

ATLANTA COMMUNITY FOOD BANK, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

13. CORONAVIRUS AID, RELIEF AND ECONOMIC SECURITY ACT (CARES ACT)

In early 2020 an outbreak of a novel strain of coronavirus (COVID-19) emerged globally. As a result, there have been mandates from federal, state and local authorities resulting in an overall decline in economic activity.

On March 27, 2020, in response to the pandemic, the President signed into law the Coronavirus Aid, Relief and Economic Security Act (CARES). In the weeks that followed, ACFB applied for and received a \$1,904,700 PPP loan granted by the Small Business Administration. ACFB has elected to account for the PPP loan as a conditional contribution in accordance with the guidance provided by FASB ASU 2018-08 *Not-for-Profit Entities (Topic 958)*. Under the guidance a conditional contribution includes one or more barriers that must be overcome for the recipient to be entitled to the assets transferred and a right-of-return of the asset if a barrier to entitlement is not met. The barriers for a PPP loan require that qualifying expenses must be incurred (compensation, mortgage interest, rent and utilities) and that the recipient maintains employee headcount and compensation levels at pre-established levels. If these barriers are not met, the recipient will be required to repay the loan over a specified period of time. As of June 30, 2020, \$1,904,700 is recognized as deferred revenue in the statement of financial position.

At June 30, 2020, ACFB believes it will meet the conditions of the grant and that all of the loan will be ultimately forgiven. However, if a portion of the loan must be repaid, the terms (1% per annum, repayable over a maximum of five years with a six-month deferral period) are such that ACFB has sufficient liquidity to repay the unforgiven portion.

SUPPLEMENTARY INFORMATION

ATLANTA COMMUNITY FOOD BANK, INC.
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2020

	Atlanta Community Food Bank	Food Well Alliance	ACFB Support Organization	Eliminating Entries	Consolidated Total
CURRENT ASSETS					
Cash and cash equivalents	\$ 32,591,953	\$ 3,151,929	\$ -	\$ -	\$ 35,743,882
Restricted cash	-	-	2,492,679	-	2,492,679
Receivables					
Share contributions and handling fees	85,243	-	-	-	85,243
Grants	2,631,805	-	-	-	2,631,805
Pledges	1,325,579	1,250,000	-	-	2,575,579
Pledges – capital campaign	2,462,119	-	-	-	2,462,119
Other	97,573	-	-	-	97,573
Due from Corporation	5,257,218	-	-	(5,257,218)	-
Inventory – donated	3,316,846	-	-	-	3,316,846
Inventory – purchased	569,470	-	-	-	569,470
Prepaid expenses	327,822	5,564	-	-	333,386
Total current assets	48,665,628	4,407,493	2,492,679	(5,257,218)	50,308,582
PROPERTY AND EQUIPMENT					
Land	145,000	-	6,889,368	-	7,034,368
Buildings and improvements	-	-	32,301,040	-	32,301,040
Furniture and equipment	6,150,204	-	2,554,594	-	8,704,798
Vehicles	1,802,861	-	1,645,558	-	3,448,419
Total property and equipment	8,098,065	-	43,390,560	-	51,488,625
Less accumulated depreciation	(6,399,415)	-	(164,748)	-	(6,564,163)
	1,698,650	-	43,225,812	-	44,924,462
Projects in progress	79,722	-	41,251	-	120,973
Property and equipment, net	1,778,372	-	43,267,063	-	45,045,435
OTHER ASSETS					
Investments	14,384,370	-	-	-	14,384,370
Receivables, less current portion					
Pledges	500,000	-	-	-	500,000
Pledges – capital campaign	2,095,515	-	-	-	2,095,515
Note receivable	30,501,500	-	-	-	30,501,500
Total other assets	47,481,385	-	-	-	47,481,385
TOTAL ASSETS	\$ 97,925,385	\$ 4,407,493	\$ 45,759,742	\$ (5,257,218)	\$ 142,835,402

See independent auditors' report.

ATLANTA COMMUNITY FOOD BANK, INC.
CONSOLIDATING STATEMENT OF FINANCIAL POSITION – CONTINUED
JUNE 30, 2020

	Atlanta Community Food Bank	Food Well Alliance	ACFB Support Organization		Consolidated Total
CURRENT LIABILITIES					
Accounts payable	\$ 3,568,378	\$ 75,139	\$ 724,599	\$ -	\$ 4,368,116
Accrued liabilities	1,106,215	-	-	-	1,106,215
Deferred revenue	29,045	-	-	-	29,045
Deferred revenue – PPP grant	1,904,700	-	-	-	1,904,700
Due to ACFB	-	-	5,257,218	(5,257,218)	-
Total current liabilities	<u>6,608,338</u>	<u>75,139</u>	<u>5,981,817</u>	<u>(5,257,218)</u>	<u>7,408,076</u>
LONG-TERM LIABILITIES					
Loans payable – bridge loan	-	-	-	-	-
Loans payable – NMTC	-	-	45,580,000	-	45,580,000
Total long-term liabilities	<u>-</u>	<u>-</u>	<u>45,580,000</u>	<u>-</u>	<u>45,580,000</u>
TOTAL LIABILITIES	<u>6,608,338</u>	<u>75,139</u>	<u>51,561,817</u>	<u>(5,257,218)</u>	<u>52,988,076</u>
NET ASSETS					
Without donor restrictions					
Undesignated	75,994,582	2,082,354	(5,802,075)	-	72,274,861
Board designated	10,407,145	-	-	-	10,407,145
Total net assets without donor restrictions	<u>86,401,727</u>	<u>2,082,354</u>	<u>(5,802,075)</u>	<u>-</u>	<u>82,682,006</u>
With donor restrictions					
Restricted by purpose or time	4,087,320	2,250,000	-	-	6,337,320
Restricted in perpetuity	828,000	-	-	-	828,000
Total net assets with donor restrictions	<u>4,915,320</u>	<u>2,250,000</u>	<u>-</u>	<u>-</u>	<u>7,165,320</u>
TOTAL NET ASSETS	<u>91,317,047</u>	<u>4,332,354</u>	<u>(5,802,075)</u>	<u>-</u>	<u>89,847,326</u>
TOTAL LIABILITIES AND NET ASSETS					
NET ASSETS	<u>\$ 97,925,385</u>	<u>\$ 4,407,493</u>	<u>\$ 45,759,742</u>	<u>\$ (5,257,218)</u>	<u>\$142,835,402</u>

See independent auditors' report.

ATLANTA COMMUNITY FOOD BANK, INC.
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2019

	Atlanta Community Food Bank	Food Well Alliance	ACFB Support Organization	Consolidated Total
CURRENT ASSETS				
Cash and cash equivalents	\$ 3,365,202	\$ 3,070,581	2,312,798	\$ 8,748,581
Restricted cash	-	-	31,613,412	31,613,412
Receivables				
Share contributions and handling fees	43,247	-	-	43,247
Grants	2,288,872	-	-	2,288,872
Pledges	1,057,861	1,000,000	-	2,057,861
Pledges – capital campaign	3,671,012	-	-	3,671,012
Other	47,610	-	-	47,610
Inventory – donated	3,899,696	-	-	3,899,696
Inventory – purchased	372,911	-	-	372,911
Prepaid expenses	152,827	-	-	152,827
Total current assets	<u>14,899,238</u>	<u>4,070,581</u>	<u>33,926,210</u>	<u>52,896,029</u>
PROPERTY AND EQUIPMENT				
Land	4,271,134	-	-	4,271,134
Buildings and improvements	10,373,229	-	-	10,373,229
Furniture and equipment	6,253,697	-	-	6,253,697
Vehicles	2,227,295	-	-	2,227,295
Total property and equipment	23,125,355	-	-	23,125,355
Less accumulated depreciation	(11,223,300)	-	-	(11,223,300)
	11,902,055	-	-	11,902,055
Projects in progress	1,524,220	-	9,204,623	10,728,843
Property and equipment, net	<u>13,426,275</u>	<u>-</u>	<u>9,204,623</u>	<u>22,630,898</u>
OTHER ASSETS				
Investments	14,121,678	-	-	14,121,678
Receivables, less current portion				
Pledges	150,000	-	-	150,000
Pledges – capital campaign	3,947,640	-	-	3,947,640
Note receivable	30,501,500	-	-	30,501,500
Total other assets	<u>48,720,818</u>	<u>-</u>	<u>-</u>	<u>48,720,818</u>
TOTAL ASSETS	<u><u>\$ 77,046,331</u></u>	<u><u>\$ 4,070,581</u></u>	<u><u>\$ 43,130,833</u></u>	<u><u>\$ 124,247,745</u></u>

See independent auditors' report.

ATLANTA COMMUNITY FOOD BANK, INC.
CONSOLIDATING STATEMENT OF FINANCIAL POSITION – CONTINUED
JUNE 30, 2019

	Atlanta Community Food Bank	Food Well Alliance	ACFB Support Organization	Consolidated Total
CURRENT LIABILITIES				
Accounts payable	\$ 1,020,330	\$ 61,842	\$ 2,395,719	\$ 3,477,891
Accrued liabilities	991,521	-	-	991,521
Deferred revenue	303,305	-	-	303,305
Total current liabilities	<u>2,315,156</u>	<u>61,842</u>	<u>2,395,719</u>	<u>4,772,717</u>
LONG-TERM LIABILITIES				
Loans payable – bridge loan	11,945,919	-	-	11,945,919
Loans payable – NMTC	-	-	45,580,000	45,580,000
Total long-term liabilities	<u>11,945,919</u>	<u>-</u>	<u>45,580,000</u>	<u>57,525,919</u>
TOTAL LIABILITIES	<u>14,261,075</u>	<u>61,842</u>	<u>47,975,719</u>	<u>62,298,636</u>
NET ASSETS				
Without donor restrictions				
Undesignated	36,256,482	1,832,579	(4,844,886)	33,244,175
Board designated	10,212,365	-	-	10,212,365
Total net assets without donor restrictions	<u>46,468,847</u>	<u>1,832,579</u>	<u>(4,844,886)</u>	<u>43,456,540</u>
With donor restrictions				
Restricted by purpose or time	15,488,409	2,176,160	-	17,664,569
Restricted in perpetuity	828,000	-	-	828,000
Total net assets with donor restrictions	<u>16,316,409</u>	<u>2,176,160</u>	<u>-</u>	<u>18,492,569</u>
TOTAL NET ASSETS	<u>62,785,256</u>	<u>4,008,739</u>	<u>(4,844,886)</u>	<u>61,949,109</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 77,046,331</u>	<u>\$ 4,070,581</u>	<u>\$ 43,130,833</u>	<u>\$ 124,247,745</u>

See independent auditors' report.

**ATLANTA COMMUNITY FOOD BANK, INC.
CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

	Atlanta Community Food Bank	Food Well Alliance	ACFB Support Organization	Eliminating Entries	Total
PUBLIC SUPPORT AND REVENUE					
SUPPORT					
Donated product	\$ 106,069,334	\$ -	\$ -	\$ -	\$ 106,069,334
Federal grants	9,692,982	-	-	-	9,692,982
Contributions – ACFB	34,925,116	-	-	-	34,925,116
Contributions – capital campaign	1,057,095	-	-	-	1,057,095
Contributions – FWA	-	2,635,657	-	-	2,635,657
In-kind contributions	222,907	-	-	-	222,907
Special events (net of direct costs of \$29,857)	4,471,642	-	-	-	4,471,642
Total support	156,439,076	2,635,657	-	-	159,074,733
REVENUE					
Share contributions and handling fees	3,001,584	-	-	-	3,001,584
Net investment income	262,693	-	-	-	262,693
Other income – ACFB	9,539,950	-	-	-	9,539,950
Other income – FWA	-	-	-	-	-
Other income – Corporation	-	-	453,482	(445,778)	7,704
Total revenue	12,804,227	-	453,482	(445,778)	12,811,931
TOTAL SUPPORT AND REVENUE	169,243,303	2,635,657	453,482	(445,778)	171,886,664
EXPENSES					
PROGRAM SERVICES					
Collection, storage and distribution of food – ACFB	131,386,976	-	-	-	131,386,976
Collection, storage and distribution of food – FWA	-	1,702,837	-	-	1,702,837
Advocacy	92,100	-	-	-	92,100
Total program services	131,479,076	1,702,837	-	-	133,181,913
SUPPORTING SERVICES					
Management and general – ACFB	5,926,239	-	-	(445,778)	5,480,461
Management and general – FWA	-	609,205	-	-	609,205
Management and general – Corporation	-	-	1,410,671	-	1,410,671
Fundraising	3,306,197	-	-	-	3,306,197
Total supporting services	9,232,436	609,205	1,410,671	(445,778)	10,806,534
TOTAL EXPENSES	140,711,512	2,312,042	1,410,671	(445,778)	143,988,447
CHANGES IN NET ASSETS	28,531,791	323,615	(957,189)	-	27,898,217
NET ASSETS AT:					
BEGINNING OF YEAR – ACFB	62,785,256	-	-	-	62,785,256
BEGINNING OF YEAR – FWA	-	4,008,739	-	-	4,008,739
BEGINNING OF YEAR – SO	-	-	(4,844,886)	-	(4,844,886)
NET ASSETS AT END OF YEAR	\$ 91,317,047	\$ 4,332,354	\$ (5,802,075)	\$ -	\$ 89,847,326

See independent auditors' report.

**ATLANTA COMMUNITY FOOD BANK, INC.
CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019**

	Atlanta Community Food Bank	Food Well Alliance	ACFB Support Organization	Eliminating Entries	Total
PUBLIC SUPPORT AND REVENUE					
SUPPORT					
Donated product	\$ 110,727,495	\$ -	\$ -	\$ -	\$ 110,727,495
Federal grants	9,031,810	-	-	-	9,031,810
Contributions – ACFB	10,133,842	-	-	-	10,133,842
Contributions – capital campaign	25,216,222	-	-	-	25,216,222
Contributions – FWA	-	2,236,316	-	-	2,236,316
In-kind contributions	551,412	-	-	-	551,412
Special events (net of direct costs of \$237,800)	4,564,102	99,606	-	-	4,663,708
Total support	160,224,883	2,335,922	-	-	162,560,805
REVENUE					
Share contributions and handling fees	3,093,895	-	-	-	3,093,895
Net investment income	1,056,650	-	-	-	1,056,650
Other income – ACFB	667,150	-	-	-	667,150
Other income – FWA	-	389	-	-	389
Other income – Corporation	-	-	16,587	-	16,587
Total revenue	4,817,695	389	16,587	-	4,834,671
TOTAL SUPPORT AND REVENUE	165,042,578	2,336,311	16,587	-	167,395,476
EXPENSES					
PROGRAM SERVICES					
Collection, storage and distribution of food – ACFB	130,469,115	-	-	-	130,469,115
Collection, storage and distribution of food – FWA	-	1,590,720	-	-	1,590,720
Kids in Need	279,835	-	-	-	279,835
Advocacy	175,569	-	-	-	175,569
Total program services	130,924,519	1,590,720	-	-	132,515,239
SUPPORTING SERVICES					
Management and general – ACFB	772,986	-	-	3,487,320	4,260,306
Management and general – FWA	-	469,308	-	-	469,308
Management and general – Corporation	-	-	4,861,473	(3,487,320)	1,374,153
Fundraising	4,603,452	-	-	-	4,603,452
Total supporting services	5,376,438	469,308	4,861,473	-	10,707,219
TOTAL EXPENSES	136,300,957	2,060,028	4,861,473	-	143,222,458
CHANGES IN NET ASSETS	28,741,621	276,283	(4,844,886)	-	24,173,018
NET ASSETS AT:					
BEGINNING OF YEAR – ACFB	34,043,635	-	-	-	34,043,635
BEGINNING OF YEAR – FWA	-	3,732,456	-	-	3,732,456
NET ASSETS AT END OF YEAR	\$ 62,785,256	\$ 4,008,739	\$ (4,844,886)	\$ -	\$ 61,949,109

See independent auditors' report.