

ATLANTA COMMUNITY FOOD BANK, INC.

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

FOR THE YEAR ENDED JUNE 30, 2021

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, 2021, 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.

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 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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, 2021, 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 of Summarized Comparative Information

We have previously audited Atlanta Community Food Bank, Inc.'s 2020 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated December 17, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, 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 15, 2021 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, GA
November 15, 2021

ATLANTA COMMUNITY FOOD BANK, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

ASSETS	2021	2020
CURRENT ASSETS		
Cash and cash equivalents	\$ 40,746,783	\$ 35,743,882
Restricted cash	2,306,161	2,492,679
Receivables		
Share contributions and handling fees	81,751	85,243
Grants	5,634,637	2,631,805
Pledges	1,587,603	2,575,579
Pledges – capital campaign	1,384,278	2,462,119
Other	148,502	97,573
Inventory – donated	5,512,311	3,316,846
Inventory – purchased	2,855,463	569,470
Prepaid expenses	407,687	333,386
TOTAL CURRENT ASSETS	60,665,176	50,308,582
PROPERTY AND EQUIPMENT		
Land	7,034,368	7,034,368
Buildings and improvements	32,789,484	32,301,040
Furniture and equipment	8,894,650	8,704,798
Vehicles	3,911,873	3,448,419
TOTAL PROPERTY AND EQUIPMENT	52,630,375	51,488,625
Less accumulated depreciation	(9,220,106)	(6,564,163)
	43,410,269	44,924,462
Projects in progress	-	120,973
PROPERTY AND EQUIPMENT, NET	43,410,269	45,045,435
OTHER ASSETS		
Investments	18,137,625	14,384,370
Receivables, less current portion		
Pledges	-	500,000
Pledges – capital campaign	675,251	2,095,515
Note receivable	30,501,500	30,501,500
TOTAL OTHER ASSETS	49,314,376	47,481,385
TOTAL ASSETS	\$ 153,389,821	\$ 142,835,402

See notes to the consolidated financial statements.

ATLANTA COMMUNITY FOOD BANK, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION – CONTINUED
JUNE 30, 2021 AND 2020

LIABILITIES AND NET ASSETS		
	2021	2020
CURRENT LIABILITIES		
Accounts payable	\$ 3,830,571	\$ 4,368,116
Accrued liabilities	639,302	1,106,215
Deferred revenue	406,572	29,045
Deferred revenue – PPP grant	1,904,700	1,904,700
TOTAL CURRENT LIABILITIES	6,781,145	7,408,076
LONG-TERM LIABILITIES		
Loans payable – NMTC	45,580,000	45,580,000
TOTAL LONG-TERM LIABILITIES	45,580,000	45,580,000
TOTAL LIABILITIES	52,361,145	52,988,076
NET ASSETS		
Without donor restrictions		
Undesignated	82,998,434	72,274,861
Board designated	11,847,828	10,407,145
Total net assets without donor restrictions	94,846,262	82,682,006
With donor restrictions		
Restricted by purpose or time	5,354,414	6,337,320
Restricted in perpetuity	828,000	828,000
Total net assets with donor restrictions	6,182,414	7,165,320
TOTAL NET ASSETS	101,028,676	89,847,326
TOTAL LIABILITIES AND NET ASSETS	\$ 153,389,821	\$ 142,835,402

See notes to the consolidated financial statements.

ATLANTA COMMUNITY FOOD BANK, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021
(with comparative totals for 2020)

	2021		2020	
	Without Donor Restrictions	With Donor Restrictions	Total	Total
PUBLIC SUPPORT AND REVENUE SUPPORT				
Donated product	\$ 172,043,786	\$ -	\$ 172,043,786	\$ 106,069,334
Federal grants	20,970,056	-	20,970,056	9,692,982
Contributions – ACFB	26,994,084	2,459,145	29,453,229	34,925,116
Contributions – ACFB capital campaign	-	81,172	81,172	1,057,095
Contributions – FWA	289,058	2,310,857	2,599,915	2,635,657
In-kind contributions	614,864	-	614,864	222,907
Special events (net of direct costs of \$133,239 and \$29,857, respectively)	4,327,063	-	4,327,063	4,471,642
Net assets released from restrictions	6,360,026	(6,360,026)	-	-
TOTAL SUPPORT	231,598,937	(1,508,852)	230,090,085	159,074,733
REVENUE				
Share contributions and handling fees	2,651,414	-	2,651,414	3,001,584
Net investment income	3,227,310	525,946	3,753,256	262,693
Other income	970,983	-	970,983	9,547,654
TOTAL REVENUE	6,849,707	525,946	7,375,653	12,811,931
TOTAL SUPPORT AND REVENUE	238,448,644	(982,906)	237,465,738	171,886,664
EXPENSES				
PROGRAM SERVICES				
Collection, storage and distribution of food	213,237,927	-	213,237,927	133,089,813
Advocacy	153,181	-	153,181	92,100
TOTAL PROGRAM SERVICES	213,391,108	-	213,391,108	133,181,913
SUPPORTING SERVICES				
Management and general	8,875,219	-	8,875,219	7,500,337
Fundraising	4,018,061	-	4,018,061	3,306,197
TOTAL SUPPORTING SERVICES	12,893,280	-	12,893,280	10,806,534
TOTAL EXPENSES	226,284,388	-	226,284,388	143,988,447
CHANGES IN NET ASSETS	12,164,256	(982,906)	11,181,350	27,898,217
NET ASSETS AT				
BEGINNING OF YEAR	82,682,006	7,165,320	89,847,326	61,949,109
END OF YEAR	\$ 94,846,262	\$ 6,182,414	\$ 101,028,676	\$ 89,847,326

See notes to the consolidated financial statements.

ATLANTA COMMUNITY FOOD BANK, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021
(with comparative totals for 2020)

	Program Services			Supporting Services			2020 Total Expenses
	Collection, Storage and Distribution of Food	Advocacy	Total Program Services	Management and General	Fundraising	2021 Total Expenses	
Grants and other assistance	\$ 172,375,531	\$ -	\$ 172,375,531	\$ -	\$ -	\$ 172,375,531	\$ 112,910,238
Purchased product distributed	25,558,257	-	25,558,257	-	-	25,558,257	7,659,647
Salaries, contract labor and payroll taxes	8,454,626	77,898	8,532,524	3,053,310	1,302,909	12,888,743	11,917,417
Professional services	707,002	72,750	779,752	1,373,832	1,042,541	3,196,125	2,606,187
Depreciation	1,810,196	-	1,810,196	853,437	-	2,663,633	1,094,320
Employee benefits	1,505,015	-	1,505,015	439,941	157,362	2,102,318	1,843,821
Occupancy	115,794	-	115,794	1,691,927	631	1,808,352	1,070,236
Promotional/event expenses	420,153	593	420,746	22,569	753,889	1,197,204	780,074
Office expenses	201,403	90	201,493	436,876	352,134	990,503	790,691
Product shipping and transportation	863,307	-	863,307	-	-	863,307	657,319
Miscellaneous	525,804	-	525,804	257,287	33,545	816,636	961,480
Information technology	404,056	-	404,056	139,055	141,594	684,705	610,862
Project expenses	220,798	-	220,798	40,720	219,141	480,659	403,524
Insurance	57,093	-	57,093	113,699	127	170,919	102,066
Interest	-	-	-	305,069	-	305,069	399,837
Conference/education/training	2,054	-	2,054	87,007	5,301	94,362	53,091
Travel	16,838	1,850	18,688	60,490	8,887	88,065	127,637
Total expenses	\$ 213,237,927	\$ 153,181	\$ 213,391,108	\$ 8,875,219	\$ 4,018,061	\$ 226,284,388	\$ 143,988,447

See notes to the consolidated financial statements.

**ATLANTA COMMUNITY FOOD BANK, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020**

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

See notes to the consolidated financial statements.

**ATLANTA COMMUNITY FOOD BANK, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 11,181,350	\$ 27,898,217
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation	2,663,633	1,094,320
Contribution of marketable securities	-	(1,229,171)
Gain on sale of equipment	-	(31,751)
Gain on sale of land and buildings	-	(8,771,644)
(Gain) loss on sale of investments	(573,559)	65,817
Unrealized gain on investments	(2,976,631)	(127,205)
(Increase) decrease in inventory – donated	(2,195,465)	582,850
Change in assets and liabilities		
Decrease in receivables	935,812	1,758,408
Increase in inventory – purchased	(2,285,993)	(196,559)
Increase in prepaid expenses	(74,301)	(180,559)
(Decrease) increase in accounts payable and accrued liabilities	(1,004,458)	1,004,919
Increase (decrease) in deferred revenue	377,527	(274,260)
Increase in deferred revenue – PPP grant	-	1,904,700
Net cash provided by operating activities	<u>6,047,915</u>	<u>23,498,082</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property and equipment	(1,149,440)	(29,834,281)
Projects in progress	120,973	(129,685)
Proceeds from sale of equipment	-	68,503
Proceeds from sale of land and buildings	-	5,485,654
Investments	(203,065)	1,027,867
Net cash used in investing activities	<u>(1,231,532)</u>	<u>(23,381,942)</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, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on loan payable – bridge loan	\$ -	\$ (2,241,572)
Net cash used in financing activities	<u>-</u>	<u>(2,241,572)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4,816,383	(2,125,432)
CASH AND CASH EQUIVALENTS AT:		
BEGINNING OF YEAR	<u>38,236,561</u>	<u>40,361,993</u>
END OF YEAR	<u>\$ 43,052,944</u>	<u>\$ 38,236,561</u>
Cash and cash equivalents – unrestricted	\$ 40,746,783	\$ 35,743,882
Cash and cash equivalents – restricted	2,306,161	2,492,679
	<u>\$ 43,052,944</u>	<u>\$ 38,236,561</u>
SUPPLEMENTAL CASH FLOW DISCLOSURES		
Capitalization of projects in progress	<u>\$ 120,973</u>	<u>\$ 10,850,663</u>
Cash paid for interest	<u>\$ 305,069</u>	<u>\$ 272,584</u>
Principal payment on loan payable paid from proceeds from sale of land and buildings	<u>\$ -</u>	<u>\$ 9,704,347</u>
Broker fees paid from proceeds from sale of land and buildings	<u>\$ -</u>	<u>\$ 770,336</u>

See notes to the consolidated financial statements.

ATLANTA COMMUNITY FOOD BANK, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

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 116 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 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)* – a local food distribution site opened during FY2021 to provide food directly to neighbors in need in underserved communities. Located in Gwinnett county, the CFC is operated by ACFB and volunteers. During 2021, the CFC distributed almost one million pounds of food to an average of 275 clients per week. Additional CFCs will be opened in the future in underserved areas within ACFB's service area.

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 2, 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, 2021 AND 2020

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.

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 maintain them in perpetuity. Earnings from the Food Bank's net assets held in perpetuity are restricted by donors to provide a permanent source of income.

Reclassifications

Certain 2020 accounts have been reclassified to conform to the 2021 presentation. Total net assets and changes in net assets, as previously reported for 2020, were unchanged due to these reclassifications.

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.

**ATLANTA COMMUNITY FOOD BANK, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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, 2021 and 2020.

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.

Noncash Contributions

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

	2021		2020	
	lbs	\$	lbs	\$
Donated product received				
Food – federal	43,448,331	\$ 73,862,162	19,356,580	\$ 28,841,303
Food – other donations	53,359,578	98,181,624	51,830,892	77,228,031
		<u>\$ 172,043,786</u>		<u>\$ 106,069,334</u>
Donated product distributed				
Food – federal	43,012,047	\$ 73,120,480	20,147,655	\$ 30,056,666
Food – other donations	53,590,052	98,605,696	51,386,727	76,566,223
		<u>\$ 171,726,176</u>		<u>\$ 106,622,889</u>

ACFB purchased 25,197,629 pounds of product and distributed 22,015,119 pounds of purchased product in the year ended June 30, 2021. ACFB purchased 9,684,349 pounds of product and distributed 9,317,743 pounds of purchased product in the year ended June 30, 2020.

ATLANTA COMMUNITY FOOD BANK, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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, 2021 and 2020, in the accompanying consolidated financial statements are \$554,975 and \$47,675, 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. Volunteer visits were significantly curtailed due to the pandemic, however, for the year ended June 30, 2021, ACFB received over 1,300 volunteer visits, resulting in 15,543 hours of service. For the year ended June 30, 2020, ACFB received over 14,248 volunteer visits, resulting in 75,158 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.

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, 2021 and 2020, the Food Bank's uninsured cash balance was \$41,338,440 and \$38,149,586, respectively. See Note 7 for restricted cash accounts included in the June 30, 2021 and 2020 cash balances.

Four donors represent 72% and 52% of the balance of pledges receivable at June 30, 2021 and 2020, respectively.

During the year ended June 30, 2021, there was no concentration of donor contributions. During the year ended June 30, 2020, approximately 10% of contributions received was 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. Management did not believe an allowance was necessary at June 30, 2021 or 2020.

ATLANTA COMMUNITY FOOD BANK, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Inventory

Inventory consists primarily of donated foods and related consumer products. Donated inventory has been valued in 2021 and 2020 at \$1.70 per pound and \$1.49 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 \$2,663,633 and \$1,094,320 has been charged to operations for the year ended June 30, 2021 and 2020, respectively.

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.

ATLANTA COMMUNITY FOOD BANK, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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, 2021 and 2020. 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 and bonds is valued at the closing price reported on an active market on which the security is traded.

These methods may 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.

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 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, 2021 and 2020, 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.

ATLANTA COMMUNITY FOOD BANK, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

The Food Bank 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. 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 Accounting Standards Updated (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 consolidated financial statements to further understand the amount, timing and uncertainty of cash flows arising from leases. This new guidance will be effective for the Food Bank'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 consolidated 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 the Food Bank's consolidated financial position, results of activities, cash flows and related disclosures.

Events Occurring After Report Date

Management has evaluated events and transactions that occurred between June 30, 2021 and November 15, 2021, which is the date that the consolidated financial statements were available to be issued, for possible recognition or disclosure in the consolidated financial statements.

ATLANTA COMMUNITY FOOD BANK, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

3. PLEDGES RECEIVABLE

	<u>2021</u>	<u>2020</u>
Pledges receivable	\$ 1,587,603	\$ 3,075,579
Pledges receivable – capital campaign	<u>2,059,529</u>	<u>4,557,634</u>
Total pledges receivable	<u>\$ 3,647,132</u>	<u>\$ 7,633,213</u>

Pledges receivable at June 30, 2021, are receivable as follows:

Year ending June 30,	
2022	\$ 2,971,881
2023	423,583
2024	<u>251,668</u>
Total pledges receivable	<u>\$ 3,647,132</u>

ATLANTA COMMUNITY FOOD BANK, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

4. INVESTMENTS

The Food Bank's investments at June 30, 2021 and 2020, are comprised of the following:

	2021		2020	
	Fair Value	Cost	Fair Value	Cost
Level 1 investments - United States				
Money market funds	\$ 515,170	\$ 515,170	\$ 656,316	\$ 656,316
Mutual funds				
Emerging Markets Bond	1,432,289	1,126,566	978,847	980,065
International	-	-	245,027	254,989
Small Cap	303,096	195,000	222,449	195,000
Small Cap Index	351,662	205,197	227,469	205,197
Strategic Income	1,325,504	1,209,674	526,585	689,224
Individual equities				
U.S. Large Cap Blend	6,292,110	3,430,031	4,643,169	3,076,775
U.S. Mid Cap Growth	1,992,002	1,178,246	1,427,020	1,031,360
International American Depository Receipts	1,138,674	851,732	648,391	609,150
Individual bonds				
U.S. Treasury and Federal Agency	1,468,776	1,411,807	1,445,335	1,346,358
U.S. Taxable Corporate	1,249,535	1,231,722	1,686,356	1,648,546
Total Level 1 investments	16,068,818	11,355,145	12,706,964	10,692,980
Level 2 investments - United States				
Limited partnership alternatives				
Non-Directional Multi-Strategy Hedge FOF	-	-	590,958	625,000
Non-Directional Single Strategy Hedge FOF	423,173	250,000	317,685	250,000
Directional Multi-Strategy Hedge FOF	1,282,282	1,125,000	427,220	375,000
Other fund of funds alternatives				
Private Real Estate/Real				
Assets Fund of Funds	363,352	324,608	341,543	335,149
Total Level 2 investments	2,068,807	1,699,608	1,677,406	1,585,149
Total investments	\$ 18,137,625	\$ 13,054,753	\$ 14,384,370	\$ 12,278,129

Investment income for the year ended June 30, 2021 and 2020, is composed of:

	2021	2020
Interest income	\$ 244,699	\$ 240,304
Brokerage fees	(41,633)	(38,999)
Unrealized gain on investments	2,976,631	127,205
Realized gain (loss) on investments	573,559	(65,817)
Net investment income	\$ 3,753,256	\$ 262,693

ATLANTA COMMUNITY FOOD BANK, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

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 7), proceeds of which funded construction costs. The bridge loan was repaid using funds raised in the capital campaign.

Also, see Note 7 for notes 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. Interest payments totaled \$305,015 for each of the years ended June 30, 2021 and 2020. At June 30, 2021 and 2020, the balance of the note receivable was \$30,501,500.

7. 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 and matured 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. 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, 2021 AND 2020

7. 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, 2021 and 2020, the outstanding balances totaled \$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>2021</u>	<u>2020</u>
Construction Disbursement	\$ 1,445,017	\$ 1,444,329
RDP Fee Reserve	593,207	728,882
TRF Fee Reserve	267,937	319,468
	<u>\$ 2,306,161</u>	<u>\$ 2,492,679</u>

Total interest cost of \$305,069 and \$399,546 was recognized during the years ended June 30, 2021 and 2020, 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, 2021 and 2020, net assets without donor restrictions have been designated by the Board as follows:

	<u>2021</u>	<u>2020</u>
Future programming	\$ 11,847,828	\$ 9,262,645
Building fund endowment	-	532,703
Equipment replacement reserves	-	489,513
Emergency relief fund	-	122,284
	<u>\$ 11,847,828</u>	<u>\$ 10,407,145</u>

ATLANTA COMMUNITY FOOD BANK, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

8. 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, 2021 AND 2020

8. 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, 2021, 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	\$ 1,647,238	\$ 2,385,238
Endowment for Atlanta’s Table	90,000	-	90,000
Total funds	\$ 828,000	\$ 1,647,238	\$ 2,475,238

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

Changes in endowment net assets for the year ended June 30, 2021, are as follows:

	With Donor Restrictions		
	Original Gift Amount	Accumulated Gains (Losses) and Other	Total with Donor Restrictions
Endowment net assets July 1, 2020	\$ 828,000	\$ 1,121,292	\$ 1,949,292
Investment income, net	-	24,668	24,668
Net appreciation	-	501,278	501,278
Appropriated for expenditure	-	-	-
Endowment net assets June 30, 2021	\$ 828,000	\$ 1,647,238	\$ 2,475,238

ATLANTA COMMUNITY FOOD BANK, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

8. COMPOSITION OF NET ASSETS – CONTINUED

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	<u>\$ 828,000</u>	<u>\$ 1,121,292</u>	<u>\$ 1,949,292</u>

Net Assets with Donor Restrictions

Net assets with donor restrictions were available for the following purposes at June 30, 2021 and 2020:

	2021	2020
Subject to expenditures for specific time:		
Grants designated for future expenditures	\$ 2,125,000	\$ 2,250,000
Subject to expenditures for specific purpose:		
Healthy initiatives	644,205	1,288,574
Endowment earnings	1,647,238	1,121,292
Other programming	937,971	1,677,454
	<u>\$ 5,354,414</u>	<u>\$ 6,337,320</u>

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

	2021	2020
Grants designated for future expenditures	\$ 2,250,000	\$ 2,176,160
Capital campaign	81,172	14,166,934
Healthy initiatives	3,334,288	11,351,840
Other programming	694,566	836,873
	<u>\$ 6,360,026</u>	<u>\$ 28,531,807</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, 2021 AND 2020

9. COMMITMENTS

Operating Lease

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

2022	\$	150,531
2023		137,888
2024		137,727
2025		140,239
2026		91,427

In May 2021, FWA entered into several agreements with tenants to sublease the excess portion of office space. A portion of the above lease expense will be offset by payments due under the sublease agreements as follows:

2022	\$	207,212
2023		220,045
2024		237,153
2025		228,458
2026		230,258

During June 30, 2021, FWA recognized rental expense of \$9,167 and rental income under the sublease agreements was \$21,921.

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 an 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 \$38,577 and \$54,565 to GMFB for operations during the years ended June 30, 2021 and 2020, respectively.

ATLANTA COMMUNITY FOOD BANK, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

9. COMMITMENTS – CONTINUED

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, 2021, is \$31,217,088 of which \$31,159,686 was completed. The remainder of the contract has been fully completed during the year ended June 30, 2022.

10. 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, 2021 and 2020, was \$717,041 and \$574,027, respectively.

11. LIQUIDITY AND FUNDS AVAILABLE

The following table reflects ACFB's financial assets as of June 30, 2021 and 2020, 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>2021</u>	<u>2020</u>
Financial assets:		
Cash and cash equivalents	\$ 40,746,783	\$ 35,743,882
Receivables		
Share contributions and handling fees	81,751	85,243
Grants	5,634,637	2,631,805
Pledges	1,587,603	2,575,579
Pledges – capital campaign	1,384,278	2,462,119
Other	148,502	97,573
Investments	<u>18,137,625</u>	<u>14,384,370</u>
Financial assets, at year-end	67,721,179	57,980,571
Less: Assets unavailable for general expenditures within one year:		
Net assets with donor purpose or time restrictions	5,354,414	6,337,320
Net assets restricted in perpetuity	828,000	828,000
Board designations	<u>11,847,828</u>	<u>10,407,145</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 49,690,937</u>	<u>\$ 40,408,106</u>

ATLANTA COMMUNITY FOOD BANK, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

11. LIQUIDITY AND FUNDS AVAILABLE – CONTINUED

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 amount could be made available if necessary.

12. FEDERAL CORONAVIRUS AID AND RELIEF

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 (CARES) Act. 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. At June 30, 2021, ACFB applied for forgiveness but had not yet received loan forgiveness and, therefore, the PPP funding received was recorded as deferred revenue on the consolidated statements of financial position.

ACFB received full forgiveness of \$1,904,700 from the SBA on August 2, 2021. The amount of loan forgiveness will be recognized as income during the year ended June 30, 2022.

13. SUBSEQUENT EVENTS

ACFB anticipates entering into a \$33 million transaction with two CDEs to benefit under the NMTC Program for working capital subsequent to the year ending June 30, 2021. ACFB formed ACFB Charitable Investments, Inc. in anticipation of the transaction.

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, 2021, and have issued our report thereon dated November 15, 2021 which contained an unmodified opinion on those consolidated financial statements and appears on pages 1 and 2. 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, GA
November 15, 2021

**ATLANTA COMMUNITY FOOD BANK, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

<u>Pass-Through Grantor/Program Title</u>	<u>Date of Service</u>	<u>Grant Award #</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal CFDA Num.</u>	<u>Award Amount</u>	<u>Expenditures</u>	<u>Sub-Awardee Expenditures</u>
Major Programs							
U.S. Department of Agriculture Passed through:							
Georgia Department of Human Services Temporary Emergency Food Assistance Program	10/19-9/20	42700-040-0000088377	42700-040-0000088377	10.568	\$ 3,335,640	\$ 1,741,363	\$ -
Georgia Department of Human Services Temporary Emergency Food Assistance Program	10/20-9/21	42700-040-0000097196	42700-040-0000097196	10.568	2,209,790	1,728,358	-
Subtotal: Cash						3,469,721	-
Georgia Department of Human Services Commodity Supplement Food Program (Food Commodities)				10.568		3,107,313	-
Georgia Department of Human Services Temporary Emergency Food Assistance Program (Food Commodities)				10.568		70,013,167	-
Subtotal: Commodities						73,120,480	-
Total CFDA Number 10.568						76,590,201	-
Non-Major Programs							
U.S. Department of Health and Human Services: Passed through:							
Georgia Department of Human Services Georgia Nutritional Assistance Program	10/19-9/20	42700-040-0000088730	42700-040-0000088730	93.558	7,450,000	2,563,628	1,504,467
Georgia Department of Human Services Georgia Nutritional Assistance Program	10/20-9/21	42700-040-0000096615	42700-040-0000096615	93.558	19,377,778	12,911,848	4,937,432
Total CFDA Number 93.558						15,475,476	6,441,899

See accompanying notes.

**ATLANTA COMMUNITY FOOD BANK, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS – CONTINUED
FOR THE YEAR ENDED JUNE 30, 2021**

Pass-Through Grantor/Program Title	Date of Service	Grant Award #	Pass-Through Entity Identifying Number	Federal CFDA Num.	Award Amount	Expenditures	Sub-Awardee Expenditures
Georgia Department of Human Services Commodity Supplement Food Program	10/19-9/20	42700-040-0000086979		10.565	\$ 378,151	\$ 100,320	\$ -
Georgia Department of Human Services Commodity Supplement Food Program	10/20-9/21	42700-040-0000076428		10.565	378,151	283,317	-
Total CFDA Number 10.565						383,637	-
Georgia Department of Human Services State Nutritional Assistance Outreach Program	10/19-9/20	42700-040-0000087657		10.561	380,590	75,700	-
State Nutritional Assistance Outreach Program	10/20-9/21	42700-040-0000098084		10.561	406,773	345,636	-
Total CFDA Number 10.561						421,336	-
U.S. Department of Health and Human Services: Passed through:							
National Council on Aging	10/20-4/22		1426	93.071	110,000	34,886	-
Total CFDA Number 93.071						34,886	-

See accompanying notes.

**ATLANTA COMMUNITY FOOD BANK, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS – CONTINUED
FOR THE YEAR ENDED JUNE 30, 2021**

Pass-Through Grantor/Program Title	Date of Service	Grant Award #	Pass-Through Entity Identifying Number	Federal CFDA Num.	Award Amount	Expenditures	Sub-Awardee Expenditures
U.S. Department of Treasury Passed through Gwinnett County:							
Coronavirus Relief Funds for Emergency Food Assistance	3/20-12/20	CRF-EFA-001	CRF-EFA-001	21.019	\$ 600,000	\$ 600,000	\$ -
Coronavirus Relief Funds for Emergency Food Assistance	3/20-12/20	CRF-EFA-002	CRF-EFA-002	21.019	231,500	231,500	-
Coronavirus Relief Funds for Emergency Food Assistance	3/20-12/20	CRF-EFA-003	CRF-EFA-003	21.019	250,000	250,000	-
Coronavirus Relief Funds for ACFB- Gwinnett County Mobile Pantry Distributions	3/20-12/20	CRF-NPA-004	CRF-NPA-004	21.019	18,500	18,500	-
Coronavirus Relief Funds for ACFB- Gwinnett County Community Food Center	3/20-12/20	CRF-NPA-005	CRF-NPA-005	21.019	40,000	40,000	-
Coronavirus Relief Funds for ACFB- Gwinnett County Elimination of Share Fee	3/20-12/20	CRF-NPA-006	CRF-NPA-006	21.019	45,000	45,000	-
Total CFDA Number 21.019						1,185,000	-
Total Non-Major Programs						17,500,335	6,441,899
TOTAL FEDERAL AWARDS						\$ 94,090,536	\$ 6,441,899

See accompanying notes.

ATLANTA COMMUNITY FOOD BANK, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2021

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, 2021. 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*. 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, 2021, have been valued at \$1.70 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, 2021, ACFB had food commodities totaling \$2,958,847 in inventory.

4. RECONCILIATION OF SCHEDULE TO 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, 2021:

Financial Statement Presentation	
Statement of Activities – federal grants	\$ 20,970,056
Statement of Functional Expenses – federal portion of donated product distributed (see Note 2)	<u>73,120,480</u>
Total federal awards per the schedule	<u><u>\$ 94,090,536</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, 2021, 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 15, 2021.

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) to determine the 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.

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 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, GA
November 15, 2021

**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 Each Major Federal Program

We have audited Atlanta Community Food Bank, Inc.'s (ACFB) (a nonprofit organization) compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021. ACFB's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of ACFB's major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about ACFB's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of ACFB's compliance.

Opinion on Each Major Federal Program

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 each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control over Compliance

Management of ACFB is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered ACFB's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of ACFB's 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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, GA
November 15, 2021

**ATLANTA COMMUNITY FOOD BANK, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2021**

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**

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>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.568	Emergency Food Assistance Program

Dollar threshold used to distinguish between type A and type B programs: **\$ 2,822,716**

Auditee qualified as low-risk auditee? Yes √ No ___

**ATLANTA COMMUNITY FOOD BANK, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2021**

**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, 2021.

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, 2021.

Section 4 Status of Prior Year Findings

None