

ATLANTA COMMUNITY FOOD BANK, INC.

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

FOR THE YEAR ENDED JUNE 30, 2019

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, 2019, 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, 2019, 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 2018 consolidated financial statements, and our report dated December 21, 2018 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, 2018, 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, 2019 and 2018 and consolidating statements of activities for the years ended June 30, 2019 and 2018 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 2, 2019

ATLANTA COMMUNITY FOOD BANK, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2019 AND 2018

ASSETS	2019	2018
CURRENT ASSETS		
Cash and cash equivalents	\$ 8,748,581	\$ 4,515,254
Restricted cash	31,613,412	-
Receivables		
Share contributions and handling fees	43,247	159,214
Grants	2,288,872	2,083,826
Pledges	2,057,861	1,815,077
Pledges – capital campaign	3,671,012	2,804,446
Other	47,610	64,211
Inventory – donated	3,899,696	4,133,167
Inventory – purchased	372,911	647,182
Prepaid expenses	152,827	305,540
Total current assets	<u>52,896,029</u>	<u>16,527,917</u>
PROPERTY AND EQUIPMENT		
Land	4,271,134	1,298,698
Buildings and improvements	10,373,229	10,355,593
Furniture and equipment	6,253,697	6,019,075
Vehicles	2,227,295	2,122,971
Total property and equipment	23,125,355	19,796,337
Less accumulated depreciation	<u>(11,223,300)</u>	<u>(10,117,697)</u>
	11,902,055	9,678,640
Projects in progress	10,728,843	698,630
Property and equipment, net	<u>22,630,898</u>	<u>10,377,270</u>
OTHER ASSETS		
Investments	14,121,678	13,615,572
Receivables, less current portion		
Pledges	150,000	-
Pledges – capital campaign	3,947,640	-
Note receivable	30,501,500	-
Total other assets	<u>48,720,818</u>	<u>13,615,572</u>
TOTAL ASSETS	<u><u>\$ 124,247,745</u></u>	<u><u>\$ 40,520,759</u></u>

See notes to the consolidated financial statements.

ATLANTA COMMUNITY FOOD BANK, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION – CONTINUED
JUNE 30, 2019 AND 2018

LIABILITIES AND NET ASSETS		
	2019	2018
CURRENT LIABILITIES		
Accounts payable	\$ 3,477,891	\$ 1,793,984
Accrued liabilities	991,521	608,430
Deferred revenue	303,305	342,254
Total current liabilities	4,772,717	2,744,668
LONG-TERM LIABILITIES		
Loan payable – bridge loan	11,945,919	-
Loan payable – NMTC	45,580,000	-
Total long-term liabilities	57,525,919	-
TOTAL LIABILITIES	62,298,636	2,744,668
NET ASSETS		
Without donor restrictions		
Undesignated	33,244,175	19,933,428
Board designated	10,212,365	9,403,768
Total net assets without donor restrictions	43,456,540	29,337,196
With donor restrictions		
Restricted by purpose or time	17,664,569	7,610,895
Restricted in perpetuity	828,000	828,000
Total net assets with donor restrictions	18,492,569	8,438,895
TOTAL NET ASSETS	61,949,109	37,776,091
TOTAL LIABILITIES AND NET ASSETS	\$ 124,247,745	\$ 40,520,759

See notes to the consolidated financial statements.

ATLANTA COMMUNITY FOOD BANK, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019
(with comparative totals for 2018)

	2019			2018
	Without Donor Restrictions	With Donor Restrictions	Total	Total
PUBLIC SUPPORT AND REVENUE SUPPORT				
Donated product	\$ 110,727,495	\$ -	\$ 110,727,495	\$ 111,810,400
Federal grants	9,031,810	-	9,031,810	9,076,065
Contributions – ACFB	8,196,205	1,937,637	10,133,842	8,861,431
Contributions – ACFB capital campaign	-	25,216,222	25,216,222	4,333,235
Contributions – FWA	60,156	2,176,160	2,236,316	3,350,400
In-kind contributions	551,412	-	551,412	519,485
Special events (net of direct costs of \$237,800 and \$228,209, respectively)	4,663,708	-	4,663,708	4,750,671
Net assets released from restrictions	19,427,462	(19,427,462)	-	-
Total support	<u>152,658,248</u>	<u>9,902,557</u>	<u>162,560,805</u>	<u>142,701,687</u>
REVENUE				
Share contributions and handling fees	3,093,895	-	3,093,895	2,381,556
Net investment income	905,533	151,117	1,056,650	961,307
Other income	684,126	-	684,126	920,155
Total revenue	<u>4,683,554</u>	<u>151,117</u>	<u>4,834,671</u>	<u>4,263,018</u>
TOTAL SUPPORT AND REVENUE	<u>157,341,802</u>	<u>10,053,674</u>	<u>167,395,476</u>	<u>146,964,705</u>
EXPENSES				
PROGRAM SERVICES				
Collection, storage and distribution of food	132,059,835	-	132,059,835	134,754,997
Kids in Need	279,835	-	279,835	2,639,740
Advocacy	175,569	-	175,569	206,239
Total program services	<u>132,515,239</u>	<u>-</u>	<u>132,515,239</u>	<u>137,600,976</u>
SUPPORTING SERVICES				
Management and general	6,103,767	-	6,103,767	4,724,454
Fundraising	4,603,452	-	4,603,452	2,820,065
Total supporting services	<u>10,707,219</u>	<u>-</u>	<u>10,707,219</u>	<u>7,544,519</u>
TOTAL EXPENSES	<u>143,222,458</u>	<u>-</u>	<u>143,222,458</u>	<u>145,145,495</u>
CHANGES IN NET ASSETS	14,119,344	10,053,674	24,173,018	1,819,210
NET ASSETS AT				
BEGINNING OF YEAR	<u>29,337,196</u>	<u>8,438,895</u>	<u>37,776,091</u>	<u>35,956,881</u>
END OF YEAR	<u>\$ 43,456,540</u>	<u>\$ 18,492,569</u>	<u>\$ 61,949,109</u>	<u>\$ 37,776,091</u>

See notes to the consolidated financial statements.

ATLANTA COMMUNITY FOOD BANK, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019
(with comparative totals for 2018)

	Program Services			Supporting Services			2019 Total Expenses	2018 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	\$ 119,693,196
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	9,851,462
Product purchase	4,542,610	-	-	4,542,610	-	-	4,542,610	6,428,281
Employee benefits	1,258,165	32,555	16,325	1,307,045	351,483	102,578	1,761,106	1,551,888
Occupancy	383,122	81,150	-	464,272	410,672	11,621	886,565	877,025
Depreciation	774,699	5,022	-	779,721	338,400	-	1,118,121	1,142,822
Professional services	222,198	1,449	46,201	269,848	817,735	1,985,632	3,073,215	1,731,526
Project expenses	529,572	-	-	529,572	126,481	104,893	760,946	444,960
Office expenses	275,282	2,641	-	277,923	318,162	337,804	933,889	689,456
Product shipping & transportation	762,567	2,963	-	765,530	-	-	765,530	699,931
Information technology	376,741	-	-	376,741	17,769	91,913	486,423	480,538
Promotional/event expenses	59,572	-	-	59,572	55,962	873,797	989,331	711,573
Insurance	2,355	-	-	2,355	68,873	-	71,228	58,526
Travel	72,833	546	2,266	75,645	62,816	19,935	158,396	197,402
Interest	-	-	-	-	865,442	-	865,442	-
Conference/education/training	28,656	-	-	28,656	37,361	5,596	71,613	76,696
Miscellaneous	387,465	2,281	-	389,746	90,430	21,983	502,159	510,213
Total expenses	\$ 132,059,835	\$ 279,835	\$ 175,569	\$ 132,515,239	\$ 6,103,767	\$ 4,603,452	\$ 143,222,458	\$ 145,145,495

See notes to the consolidated financial statements.

**ATLANTA COMMUNITY FOOD BANK, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 24,173,018	\$ 1,819,210
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities		
Depreciation	1,118,121	1,142,822
Contribution of marketable securities	(464,559)	(443,090)
Loss on sale of equipment	-	1,332
Gain on sale of investments	(99,780)	(191,572)
Unrealized gain on investments	(750,338)	(560,591)
Decrease in inventory – donated	233,471	2,863,276
Change in assets and liabilities		
Increase in receivables	(5,279,468)	(3,384,641)
Decrease (increase) in inventory – purchased	274,271	(600,572)
Decrease (increase) in prepaid expenses	152,713	(127,391)
Increase (decrease) in accounts payable and accrued liabilities	2,066,998	(259,613)
Decrease in agency liability	-	(377,666)
(Decrease) increase in deferred revenue	(38,949)	83,519
Net cash provided by (used in) operating activities	<u>21,385,498</u>	<u>(34,977)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property and equipment	(3,341,536)	(202,511)
Projects in progress	(10,030,213)	(698,630)
Investments	808,571	1,428,202
Issuance of note receivable	(30,501,500)	-
Net cash (used in) provided by investing activities	<u>(43,064,678)</u>	<u>527,061</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, 2019 AND 2018

	<u>2019</u>	<u>2018</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>(18,838,746)</u>	<u>-</u>
Net cash provided by financing activities	<u>57,525,919</u>	<u>-</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	35,846,739	492,084
CASH AND CASH EQUIVALENTS –		
AT BEGINNING OF YEAR	<u>4,515,254</u>	<u>4,023,170</u>
AT END OF YEAR	<u>\$ 40,361,993</u>	<u>\$ 4,515,254</u>
Cash and cash equivalents – unrestricted	\$ 8,748,581	
Cash and cash equivalents – restricted	<u>31,613,412</u>	
	<u>\$ 40,361,993</u>	
SUPPLEMENTAL CASH FLOW DISCLOSURES		
Capitalization of projects in progress	<u>\$ 252,686</u>	<u>\$ 238,639</u>
Cash paid for interest	<u>\$ 835,381</u>	<u>\$ -</u>

See notes to the consolidated financial statements.

ATLANTA COMMUNITY FOOD BANK, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

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 71 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.
- *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 will be 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.

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.

ATLANTA COMMUNITY FOOD BANK, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Adoption of New Accounting Pronouncement

In August 2016 the FASB issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities, (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which made several improvements to current financial reporting for not-for-profits. The guidance was effective for ACFB's annual consolidated financial statements for the year ended June 30, 2019. The changes in the ASU were applied on a retrospective basis, which means that all consolidated financial statements presented reflected the changes and the effect was disclosed for each period presented.

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.

Reclassifications

Certain 2018 accounts have been reclassified to conform to the 2019 presentation. Total net assets and changes in net assets, as previously reported for 2018, 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.

ATLANTA COMMUNITY FOOD BANK, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

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, 2019 and 2018.

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.

	<u>2019</u>		<u>2018</u>	
	<u>lbs</u>	<u>\$</u>	<u>lbs</u>	<u>\$</u>
Donated product received				
Food – federal	16,706,030	\$ 25,393,165	9,990,995	\$ 15,685,861
Food – other donations	53,418,601	81,196,274	54,568,900	91,675,752
Other – Kids in Need	659,564	4,138,056	865,169	4,448,787
		<u>\$ 110,727,495</u>		<u>\$ 111,810,400</u>
Donated product distributed				
Food – federal	15,473,947	\$ 23,520,980	11,457,527	\$ 17,988,316
Food – other donations	53,236,018	80,918,747	55,157,388	92,664,412
Other – Kids in Need	1,113,539	6,993,934	616,836	3,171,832
		<u>\$ 111,433,661</u>		<u>\$ 113,824,560</u>

ACFB purchased 6,104,326 pounds of product and distributed 6,103,303 pounds of purchased product in the year ended June 30, 2019. ACFB purchased 7,115,055 pounds of product and distributed 6,754,894 pounds of purchased product in the year ended June 30, 2018.

ATLANTA COMMUNITY FOOD BANK, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

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, 2019 and 2018 in the accompanying consolidated financial statements are \$367,032 and \$232,651, 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 44,866 volunteer visits for the year ended June 30, 2019 resulting in 111,084 hours of service. For the year ended June 30, 2018, ACFB received over 27,380 volunteer visits, resulting in 81,498 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, 2019 and 2018 the Food Bank's uninsured cash balance was \$40,951,933 and \$4,115,513, respectively. See Note 8 for restricted cash accounts included in the June 30, 2019 cash balance.

Five donors represent 53% of the balance of pledges receivable at June 30, 2019. Four donors represent 81% of the balance of pledges receivable at June 30, 2018.

At June 30, 2019 and 2018, approximately 40% and 14%, 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.

ATLANTA COMMUNITY FOOD BANK, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Inventory

Inventory consists primarily of donated foods and related consumer products. Donated inventory has been valued in 2019 and 2018 at \$1.52 per pound and \$1.57 per pound, respectively, which is an approximation of the average national wholesale value of one pound of donated product. This value was derived from Feeding America, and management believes it is a fair representation of value for the purpose stated above. Feeding America engages RSM to perform annual independent procedures to determine the valuation of one pound of donated product.

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, 2019. Broker reported prices are determined using inputs including last trade prices, current market conditions, perceived market movements, news and other relevant information.

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

ATLANTA COMMUNITY FOOD BANK, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Depreciation expense in the amount of \$1,118,121 and \$1,142,822 has been charged to operations for the year ended June 30, 2019 and 2018, respectively.

On September 12, 2018 ACFB purchased a property for its future facility, a 64-acre parcel located off Desert Drive in Atlanta, GA. The total purchase price, as reflected in the accompanying consolidated statements of financial position, was \$2,846,500.

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 on a reimbursement basis and is recognized as expenditures are made. Unexpended funds received under these grants and contracts are recorded as deferred revenue. At June 30, 2019 and June 30, 2018 deferred revenue also includes special event sponsorships and ticket sales that relate to an event in the subsequent year.

Share Contributions and Handling Fees

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

Functional Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the consolidated 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.

ATLANTA COMMUNITY FOOD BANK, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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 May 2014 the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*, (Topic 606) superseding the guidance in former ACS 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 new guidance will be effective for fiscal year ending June 30, 2020 for ACFB. ACFB does not expect the adoption to have a material impact on the consolidated financial statements.

In June 2018 the FASB issued ASU 2018-08, *Not-for-Profit Entities*, (Topic 958-605) clarifying the accounting guidance for contributions received and contributions made to further improve the scope and the accounting guidance for revenue recognition, to assist entities distinguishing between contributions (non-reciprocal) and exchange (reciprocal) transactions and to determine whether a contribution is conditional. The effective date of the amendment is fiscal year ending June 30, 2020. ACFB does not expect the adoption to have a material impact on the consolidated financial statements.

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 standard update allows for a modified retrospective application. The new guidance will be effective for ACFB for the fiscal year ending June 30, 2022; 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 financial position, results of activities, cash flows and related disclosures.

ATLANTA COMMUNITY FOOD BANK, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Events Occurring After Report Date

Management has evaluated events and transactions that occurred between June 30, 2019 and December 2, 2019, 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>2019</u>	<u>2018</u>
Pledges receivable	\$ 2,207,861	\$ 1,815,077
Pledges receivable – capital campaign	<u>7,618,652</u>	<u>2,804,446</u>
Total pledges receivable	<u>\$ 9,826,513</u>	<u>\$ 4,619,523</u>

Pledges receivable at June 30, 2019 are receivable as follows:

Year ending June 30,	
2020	\$ 5,728,873
2021	2,025,133
2022	1,510,007
2023	362,500
2024	<u>200,000</u>
Total pledges receivable	<u>\$ 9,826,513</u>

ATLANTA COMMUNITY FOOD BANK, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

4. INVESTMENTS

The Food Bank's investments at June 30, 2019 and 2018 are comprised of the following:

	2019		2018	
	Fair Value	Cost	Fair Value	Cost
Level 1 investments				
Money market funds	\$ 551,430	\$ 551,430	\$ 354,596	\$ 354,596
Mutual funds				
Emerging Markets Bond	1,033,559	962,413	406,690	340,148
International	281,904	254,191	1,533,817	1,495,602
Small Cap	259,177	269,926	328,182	312,786
Small Cap Index	244,546	205,197	164,855	129,943
Strategic Income	898,807	906,436	1,002,878	1,019,632
Individual equities				
U.S. Large Cap Blend	4,247,414	3,031,653	4,003,323	3,168,413
U.S. Mid Cap Growth	1,384,243	962,964	1,223,290	975,627
International American Depositary Receipts	663,742	591,577	-	-
Individual bonds				
U.S. Treasury and Federal Agency	1,436,376	1,415,561	1,233,584	1,271,062
U.S. Taxable Corporate	1,378,089	1,391,294	1,639,446	1,719,065
Total Level 1 investments	12,379,287	10,542,642	11,890,661	10,786,874
Level 2 investments				
Limited partnership alternatives				
Non-Directional Multi-Strategy Hedge FOF	671,570	625,000	675,877	625,000
Non-Directional Single Strategy Hedge FOF	287,400	250,000	278,070	250,000
Directional Multi-Strategy Hedge FOF	428,038	375,000	415,860	375,000
Other fund of funds alternatives				
Private Real Estate/Real				
Assets Fund of Funds	355,383	350,000	355,104	350,000
Total Level 2 investments	1,742,391	1,600,000	1,724,911	1,600,000
Total investments	\$ 14,121,678	\$ 12,142,642	\$ 13,615,572	\$ 12,386,874

Investment income for the year ended June 30, 2019 and 2018 is composed of:

	2019	2018
Interest income	\$ 242,588	\$ 243,626
Brokerage fees	(36,056)	(34,482)
Unrealized gain on investments	750,338	560,591
Realized gain on investments	99,780	191,572
Net investment income	\$ 1,056,650	\$ 961,307

ATLANTA COMMUNITY FOOD BANK, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

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 will fund construction costs. The bridge loan will be 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, 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 bears interest at a rate equal to the sum of one-month LIBOR plus 0.80% per annum (3.18775% at June 30, 2019) and matures on September 19, 2021. Monthly interest payments commenced November 1, 2018. The loan is secured by capital campaign pledges in excess of \$250,000 and certain investments. At June 30, 2019 the outstanding balance was \$11,945,919.

**ATLANTA COMMUNITY FOOD BANK, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

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, 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, 2019 were as follows:

Construction Disbursement	\$ 30,378,153
RDP Fee Reserve	864,507
TRF Fee Reserve	370,701
Construction Interest Reserve	<u>51</u>
	<u><u>\$ 31,613,412</u></u>

Total interest cost of \$865,442 was recognized during the year ended June 30, 2019.

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, 2019 and 2018 net assets without donor restrictions have been designated by the Board as follows:

	<u>2019</u>	<u>2018</u>
Future programming	\$ 9,080,166	\$ 8,322,640
Building fund endowment	532,703	532,703
Equipment replacement reserves	479,542	438,151
Emergency relief fund	<u>119,954</u>	<u>110,274</u>
	<u><u>\$ 10,212,365</u></u>	<u><u>\$ 9,403,768</u></u>

ATLANTA COMMUNITY FOOD BANK, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

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, 2019 AND 2018

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, 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	<u>\$ 828,000</u>	<u>\$ 1,097,152</u>	<u>\$ 1,925,152</u>

Endowment net asset composition by type of fund as of June 30, 2018 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	\$ 946,035	\$ 1,684,035
Endowment for Atlanta’s Table	90,000	-	90,000
Total funds	<u>\$ 828,000</u>	<u>\$ 946,035</u>	<u>\$ 1,774,035</u>

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>

ATLANTA COMMUNITY FOOD BANK, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

9. COMPOSITION OF NET ASSETS – CONTINUED

Changes in endowment net assets for the year ended June 30, 2018 are as follows:

	With Donor Restrictions		
	Original Gift Amount	Accumulated Gains (Losses) and Other	Total with Donor Restrictions
Endowment net assets July 1, 2017	\$ 828,000	\$ 792,303	\$ 1,620,303
Investment income, net	-	23,975	23,975
Net appreciation	-	129,757	129,757
Appropriated for expenditure	-	-	-
Endowment net assets June 30, 2018	<u>\$ 828,000</u>	<u>\$ 946,035</u>	<u>\$ 1,774,035</u>

Net Assets with Donor Restrictions

Net assets with donor restrictions were available for the following purposes at June 30, 2019 and 2018:

	2019	2018
Subject to expenditures for specific time:		
Grants designated for future expenditures	<u>\$ 2,176,160</u>	<u>\$ 2,235,400</u>
Subject to expenditures for specific purpose:		
Capital campaign	13,109,839	3,376,353
Healthy initiatives	1,214,417	863,418
Endowment earnings	1,097,152	946,035
Other programming	67,001	189,689
	<u>\$ 17,664,569</u>	<u>\$ 7,610,895</u>

Net assets with donor restrictions released from restrictions during the year ended June 30, 2019 was as follows:

Grants designated for future expenditures	\$ 2,235,400
Capital campaign	15,492,736
Healthy initiatives	1,689,126
Other programming	10,200
	<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, 2019 AND 2018

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:

2020	\$	81,552
2021		29,096
2022		10,801

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 \$65,848 and \$48,315 to GMFB for operations during the years ended June 30, 2019 and 2018, respectively.

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 will be completed in the year ending June 30, 2020, and paid from construction reserve funds. (See Note 8)

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, 2019 and 2018 was \$545,044 and \$477,935, respectively.

ATLANTA COMMUNITY FOOD BANK, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

12. LIQUIDITY AND FUNDS AVAILABLE

The following table reflects ACFB's financial assets as of June 30, 2019 and 2018, 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>2019</u>	<u>2018</u>
Financial assets:		
Cash and cash equivalents	\$ 8,748,581	\$ 4,515,254
Receivables		
Share contributions and handling fees	43,247	159,214
Grants	2,288,872	2,083,826
Pledges	2,057,861	1,815,077
Pledges – capital campaign	3,671,012	2,804,446
Other	47,610	64,211
Investments	<u>14,121,678</u>	<u>13,615,572</u>
Financial assets, at year-end	30,978,861	25,057,600
Less: Assets unavailable for general expenditures within one year:		
Net assets with donor purpose or time restrictions	17,664,569	7,610,895
Net assets restricted in perpetuity	828,000	828,000
Board designations	<u>10,212,365</u>	<u>9,403,768</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,273,927</u>	<u>\$ 7,214,937</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.

SUPPLEMENTARY INFORMATION

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>

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>

ATLANTA COMMUNITY FOOD BANK, INC.
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2018

	Atlanta Community Food Bank	Food Well Alliance	Consolidated Total
CURRENT ASSETS			
Cash and cash equivalents	\$ 1,714,980	\$ 2,800,274	\$ 4,515,254
Receivables			
Share contributions and handling fees	159,214	-	159,214
Grants	2,083,826	-	2,083,826
Pledges	815,077	1,000,000	1,815,077
Pledges – capital campaign	2,804,446	-	2,804,446
Other	64,211	-	64,211
Inventory – donated	4,133,167	-	4,133,167
Inventory – purchased	647,182	-	647,182
Prepaid expenses	305,287	253	305,540
Total current assets	<u>12,727,390</u>	<u>3,800,527</u>	<u>16,527,917</u>
PROPERTY AND EQUIPMENT			
Land	1,298,698	-	1,298,698
Buildings and improvements	10,355,593	-	10,355,593
Furniture and equipment	6,019,075	-	6,019,075
Vehicles	2,122,971	-	2,122,971
Total property and equipment	19,796,337	-	19,796,337
Less accumulated depreciation	<u>(10,117,697)</u>	<u>-</u>	<u>(10,117,697)</u>
	9,678,640	-	9,678,640
Projects in progress	698,630	-	698,630
Property and equipment, net	<u>10,377,270</u>	<u>-</u>	<u>10,377,270</u>
OTHER ASSETS			
Investments	13,615,572	-	13,615,572
Total other assets	<u>13,615,572</u>	<u>-</u>	<u>13,615,572</u>
TOTAL ASSETS	<u><u>\$ 36,720,232</u></u>	<u><u>\$ 3,800,527</u></u>	<u><u>\$ 40,520,759</u></u>

ATLANTA COMMUNITY FOOD BANK, INC.
CONSOLIDATING STATEMENT OF FINANCIAL POSITION – CONTINUED
JUNE 30, 2018

	Atlanta Community Food Bank	Food Well Alliance	Consolidated Total
CURRENT LIABILITIES			
Accounts payable	\$ 1,725,913	\$ 68,071	\$ 1,793,984
Accrued liabilities	608,430	-	608,430
Deferred revenue	342,254	-	342,254
Total current liabilities	<u>2,676,597</u>	<u>68,071</u>	<u>2,744,668</u>
NET ASSETS			
Without donor restrictions			
Undesignated	18,436,372	1,497,056	19,933,428
Board designated	9,403,768	-	9,403,768
Total net assets without donor restrictions	<u>27,840,140</u>	<u>1,497,056</u>	<u>29,337,196</u>
With donor restrictions			
Restricted by purpose or time	5,375,495	2,235,400	7,610,895
Restricted in perpetuity	828,000	-	828,000
Total net assets with donor restrictions	<u>6,203,495</u>	<u>2,235,400</u>	<u>8,438,895</u>
TOTAL NET ASSETS	<u>34,043,635</u>	<u>3,732,456</u>	<u>37,776,091</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 36,720,232</u>	<u>\$ 3,800,527</u>	<u>\$ 40,520,759</u>

**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

**ATLANTA COMMUNITY FOOD BANK, INC.
CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018**

	Atlanta Community Food Bank	Food Well Alliance	Total
PUBLIC SUPPORT AND REVENUE			
SUPPORT			
Donated product	\$ 111,810,400	\$ -	\$ 111,810,400
Federal grants	9,076,065	-	9,076,065
Contributions – ACFB	8,861,431	-	8,861,431
Contributions – capital campaign	4,333,235	-	4,333,235
Contributions – FWA	-	3,350,400	3,350,400
In-kind contributions	519,485	-	519,485
Special events (net of direct costs of \$228,209)	4,750,671	-	4,750,671
Total support	<u>139,351,287</u>	<u>3,350,400</u>	<u>142,701,687</u>
REVENUE			
Share contributions and handling fees	2,381,556	-	2,381,556
Net investment income	961,307	-	961,307
Other income – ACFB	920,155	-	920,155
Total revenue	<u>4,263,018</u>	<u>-</u>	<u>4,263,018</u>
TOTAL SUPPORT AND REVENUE	<u>143,614,305</u>	<u>3,350,400</u>	<u>146,964,705</u>
EXPENSES			
PROGRAM SERVICES			
Collection, storage and distribution of food – ACFB	133,411,685	-	133,411,685
Collection, storage and distribution of food – FWA	-	1,343,312	1,343,312
Kids in Need	2,639,740	-	2,639,740
Advocacy	206,239	-	206,239
Total program services	<u>136,257,664</u>	<u>1,343,312</u>	<u>137,600,976</u>
SUPPORTING SERVICES			
Management and general – ACFB	4,407,799	-	4,407,799
Management and general – FWA	-	316,655	316,655
Fundraising	2,820,065	-	2,820,065
Total supporting services	<u>7,227,864</u>	<u>316,655</u>	<u>7,544,519</u>
TOTAL EXPENSES	<u>143,485,528</u>	<u>1,659,967</u>	<u>145,145,495</u>
CHANGES IN NET ASSETS	128,777	1,690,433	1,819,210
NET ASSETS AT BEGINNING OF YEAR – ACFB	33,914,858	-	33,914,858
NET ASSETS AT BEGINNING OF YEAR – FWA	-	2,042,023	2,042,023
NET ASSETS AT END OF YEAR	<u>\$ 34,043,635</u>	<u>\$ 3,732,456</u>	<u>\$ 37,776,091</u>