



**GOLDEN HARVEST FOOD BANK, INC.
AND AFFILIATES**

COMBINED FINANCIAL STATEMENTS

For Years Ended September 30, 2012 and 2011

And Report of Independent Auditors

GOLDEN HARVEST FOOD BANK, INC. AND AFFILIATES

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Report of Independent Auditors

To the Board of Directors
Golden Harvest Food Bank, Inc.
Augusta, Georgia

We have audited the accompanying combined statements of financial position of Golden Harvest Food Bank, Inc. and affiliates (the "Organization") as of September 30, 2012 and 2011, and the related combined statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended. These combined financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these combined financial statements based on our audits.

We conducted our audits 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 audits to obtain reasonable assurance about whether the combined financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of September 30, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 17, 2013, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying combining statement of financial position and combining statement of activities and changes in net assets, are presented for purposes of additional analysis and are not a required part of the combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying information listed above is fairly stated in all material respects in relation to the combined financial statements as a whole.



Augusta, Georgia
January 17, 2013

FINANCIAL STATEMENTS

GOLDEN HARVEST FOOD BANK, INC. AND AFFILIATES
COMBINED STATEMENTS OF FINANCIAL POSITION

SEPTEMBER 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 198,091	\$ 79,921
Designated cash	15,430	61,923
Restricted cash	59,857	54,762
Accounts receivable	224,424	194,999
Pledges receivable, current portion (net of allowance for doubtful pledges of \$160 and \$2,783, respectively)	1,440	25,051
Prepaid expense	76,947	35,193
Inventory	2,172,782	2,550,972
Total current assets	<u>2,748,971</u>	<u>3,002,821</u>
Non-current assets		
Investments	743,590	662,178
Property and equipment, net of accumulated depreciation	5,804,527	5,968,422
Total non-current assets	<u>6,548,117</u>	<u>6,630,600</u>
Total assets	<u>\$ 9,297,088</u>	<u>\$ 9,633,421</u>

The accompanying notes are an integral part of these combined financial statements.

	<u>2012</u>	<u>2011</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 126,875	\$ 109,031
Accrued payroll liabilities	147,266	156,229
Deferred revenue	88,416	120,430
Current portion of notes payable	17,484	16,799
Total current liabilities	<u>380,041</u>	<u>402,489</u>
 Noncurrent liabilities		
Notes payable	274,575	292,059
Total noncurrent liabilities	<u>274,575</u>	<u>292,059</u>
Total liabilities	<u>654,616</u>	<u>694,548</u>
 Net assets		
Unrestricted net assets	8,581,175	8,815,535
Temporarily restricted net assets	61,297	123,338
Total net assets	<u>8,642,472</u>	<u>8,938,873</u>
 Total liabilities and net assets	<u>\$ 9,297,088</u>	<u>\$ 9,633,421</u>

GOLDEN HARVEST FOOD BANK, INC. AND AFFILIATES
COMBINED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEARS ENDED SEPTEMBER 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
Unrestricted net assets		
Support and revenue		
Support:		
Contributions – food	\$ 21,197,734	\$ 22,260,787
Contributions – monetary	2,234,573	1,915,652
Federal, state and local grants and contracts	1,146,695	938,458
Corporate sponsorships	190,959	215,699
Net assets released from restrictions	62,041	27,955
Total support	<u>24,832,002</u>	<u>25,358,551</u>
Revenue:		
Purchased food sales	1,099,230	584,836
Shared maintenance fees	330,321	528,248
Agency fees	16,780	1,510
Rental income	113,582	184,780
Fund raising	139,779	124,857
Investment income (loss), net	92,441	13,663
Charges for services - Golden Service Providers	64,794	-
Miscellaneous	13,748	5,555
Total revenue	<u>1,870,675</u>	<u>1,443,449</u>
Total unrestricted support and revenue	<u>26,702,677</u>	<u>26,802,000</u>
Expenses		
Program services	<u>25,645,775</u>	<u>25,992,030</u>
Supporting services:		
Management and general	451,878	452,094
Fund raising	777,495	675,936
Fund raising - Food Forever Fund	6,873	7,201
Fund raising - Golden Service Providers	55,016	-
Total supporting services	<u>1,291,262</u>	<u>1,135,231</u>
Total expenses	<u>26,937,037</u>	<u>27,127,261</u>
Increase (decrease) in unrestricted net assets	<u>(234,360)</u>	<u>(325,261)</u>

The accompanying notes are an integral part of these combined financial statements.

	<u>2012</u>	<u>2011</u>
Temporarily restricted net assets		
Support		
Contributions – monetary	-	87,490
Total support	<u>-</u>	<u>87,490</u>
Net assets released from restrictions	<u>(62,041)</u>	<u>(27,955)</u>
Increase (decrease) in temporarily restricted net assets	<u>(62,041)</u>	<u>59,535</u>
Increase (decrease) in net assets	<u>(296,401)</u>	<u>(265,726)</u>
Net assets, beginning of year	<u>8,938,873</u>	<u>9,204,599</u>
Net assets, end of year	<u>\$ 8,642,472</u>	<u>\$ 8,938,873</u>

GOLDEN HARVEST FOOD BANK, INC. AND AFFILIATES
COMBINED STATEMENTS FUNCTIONAL EXPENSES

FOR THE YEARS ENDED SEPTEMBER 30, 2012 AND 2011 (MEMO ONLY)

	Program Services					
	Augusta Distribution	Augusta Master's Table	Faith Food Factory	Aiken Distribution	Upstate SC Distribution	Direct Service
Food distributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Salaries and payroll expenses	664,969	140,866	30,139	115,401	77,773	-
Payroll taxes	57,267	10,715	2,452	13,296	4,152	-
Fringe benefits	102,514	29,651	134	17,876	9,907	448
Advertising	14,569	1,560	270	-	-	-
Auto and delivery	133,227	91	-	9,425	9,755	16
Office and postage	49,773	42	-	4,287	3,639	-
Job training	275	239	-	-	30	-
Casual labor	110	-	-	-	-	-
Dues and subscriptions	104	135	-	178	70	-
Food purchases	765,386	2,410	-	222,060	182,317	322,999
Freight	37,464	-	-	18,248	17,615	-
Insurance	49,951	7,151	11,830	15,882	13,153	-
Interest	-	-	-	-	-	-
Miscellaneous	7,366	518	-	560	(46)	-
Professional services	5,582	635	-	2,886	597	348
Rental	15,924	-	500	505	63,600	-
Maintenance	43,300	11,848	2,089	20,387	6,913	-
Fees	35,025	-	-	22,751	11,201	-
Supplies	21,345	10,993	1,870	2,275	1,084	-
Telephone	38,583	2,326	-	395	2,739	-
Travel	1,101	27	-	2,135	245	13
Utilities	91,085	39,003	8,433	27,183	14,449	-
Events	3,761	-	-	371	120	-
Depreciation	139,052	74,443	91,416	58,828	12,096	-
	<u>\$ 2,277,733</u>	<u>\$ 332,653</u>	<u>\$ 149,133</u>	<u>\$ 554,929</u>	<u>\$ 431,409</u>	<u>\$ 323,824</u>

The accompanying notes are an integral part of these combined financial statements.

		Supporting Services					2011	
Food Distributions	Total	Management & General	Fund Raising - GHFB	Fund Raising - Affiliates	Total	2012 Total	Total (Memo only)	
\$ 21,576,094	\$ 21,576,094	\$ -	\$ -	\$ -	\$ -	\$ 21,576,094	\$ 22,279,571	
-	1,029,148	301,084	309,218	40,107	650,409	1,679,557	1,564,686	
-	87,882	21,246	22,688	4,392	48,326	136,208	126,177	
-	160,530	37,361	24,167	1,686	63,214	223,744	231,867	
-	16,399	(90)	313,344	-	313,254	329,653	306,532	
-	152,514	926	3,943	-	4,869	157,383	158,997	
-	57,741	546	17,805	202	18,553	76,294	60,486	
-	544	(35)	-	-	(35)	509	194	
-	110	-	325	-	325	435	-	
-	487	3,121	3,586	-	6,707	7,194	5,609	
-	1,495,172	-	-	-	-	1,495,172	1,072,323	
-	73,327	-	-	-	-	73,327	87,871	
-	97,967	12,371	3,716	-	16,087	114,054	107,584	
-	-	-	12,049	-	12,049	12,049	21,446	
-	8,398	2,391	8,316	-	10,707	19,105	23,271	
-	10,048	35,996	15,145	9,608	60,749	70,797	110,904	
-	80,529	-	82	-	82	80,611	81,297	
-	84,537	396	6,572	-	6,968	91,505	117,711	
-	68,977	15,878	-	60	15,938	84,915	73,295	
-	37,567	2,943	3,215	5,834	11,992	49,559	50,603	
-	44,043	1,448	3,064	-	4,512	48,555	56,884	
-	3,521	5,850	5,744	-	11,594	15,115	22,968	
-	180,153	-	(689)	-	(689)	179,464	193,663	
-	4,252	10,446	25,205	-	35,651	39,903	15,041	
-	375,835	-	-	-	-	375,835	358,281	
<u>\$ 21,576,094</u>	<u>\$ 25,645,775</u>	<u>\$ 451,878</u>	<u>\$ 777,495</u>	<u>\$ 61,889</u>	<u>\$ 1,291,262</u>	<u>\$ 26,937,037</u>	<u>\$ 27,127,261</u>	

GOLDEN HARVEST FOOD BANK, INC. AND AFFILIATES
COMBINED STATEMENTS FUNCTIONAL EXPENSES

FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Program Services					
	Augusta Distribution	Augusta Master's Table	Faith Food Factory	Aiken Distribution	Upstate SC Distribution	Direct Services
Food distributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Salaries and payroll expenses	550,384	117,949	58,570	226,257	60,761	41,996
Payroll taxes	43,864	9,242	4,662	18,440	5,367	3,361
Fringe benefits	98,125	23,172	182	35,946	6,746	4,305
Advertising	2,280	303	-	104	-	(6)
Auto and delivery	128,528	39	-	18,140	8,799	996
Office and postage	38,557	609	-	3,824	2,889	537
Job training	114	-	-	-	30	15
Dues and subscriptions	1,203	238	203	388	308	49
Food purchases	643,051	627	-	134,811	100,353	193,481
Freight	44,617	-	-	24,992	18,262	-
Insurance	54,130	8,656	11,124	17,977	4,219	180
Interest	6,436	-	-	2,304	-	-
Miscellaneous	7,939	25	-	67	-	55
Professional services	3,502	5,896	647	6,286	1,414	4,368
Rental	13,804	-	1,953	1,899	63,600	-
Maintenance	63,995	13,189	7,705	18,938	3,868	55
Fees	29,541	-	-	35,231	8,523	-
Supplies	26,350	9,570	563	9,417	231	680
Telephone	44,766	2,068	-	1,958	3,067	-
Travel	1,849	72	36	3,676	193	1,640
Utilities	94,527	38,315	21,632	24,650	12,316	-
Events	-	88	-	(200)	-	-
Depreciation	128,400	44,583	78,155	76,565	12,096	-
	<u>\$ 2,025,962</u>	<u>\$ 274,641</u>	<u>\$ 185,432</u>	<u>\$ 661,670</u>	<u>\$ 313,042</u>	<u>\$ 251,712</u>

The accompanying notes are an integral part of these combined financial statements.

		Supporting Services					
Food Distributions	Total	Management & General	Fund Raising GHFB	Fund Raising - Affiliates	Total	2011 Total	
\$ 22,279,571	\$ 22,279,571	\$ -	\$ -	\$ -	\$ -	\$ 22,279,571	
-	1,055,917	286,608	222,161	-	508,769	1,564,686	
-	84,936	23,226	18,015	-	41,241	126,177	
-	168,476	37,871	25,520	-	63,391	231,867	
-	2,681	90	303,761	-	303,851	306,532	
-	156,502	1,079	1,416	-	2,495	158,997	
-	46,416	113	13,957	-	14,070	60,486	
-	159	35	-	-	35	194	
-	2,389	1,654	1,566	-	3,220	5,609	
-	1,072,323	-	-	-	-	1,072,323	
-	87,871	-	-	-	-	87,871	
-	96,286	10,650	648	-	11,298	107,584	
-	8,740	-	12,706	-	12,706	21,446	
-	8,086	3,538	11,647	-	15,185	23,271	
-	22,113	72,752	8,838	7,201	88,791	110,904	
-	81,256	-	41	-	41	81,297	
-	107,750	121	9,840	-	9,961	117,711	
-	73,295	-	-	-	-	73,295	
-	46,811	1,190	2,602	-	3,792	50,603	
-	51,859	2,934	2,091	-	5,025	56,884	
-	7,466	7,345	8,157	-	15,502	22,968	
-	191,440	-	2,223	-	2,223	193,663	
-	(112)	2,888	12,265	-	15,153	15,041	
-	339,799	-	18,482	-	18,482	358,281	
\$ 22,279,571	\$ 25,992,030	\$ 452,094	\$ 675,936	\$ 7,201	\$ 1,135,231	\$ 27,127,261	

GOLDEN HARVEST FOOD BANK, INC. AND AFFILIATES
COMBINED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED SEPTEMBER 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities		
Increase (decrease) in net assets	\$ (296,401)	\$ (265,726)
Adjustment to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation	375,835	358,281
Contribution of capital assets	-	(59,807)
Net unrealized and realized (gain) loss on investments	(67,644)	3,077
Gain on sale of capital assets	(4,358)	(2,000)
(Increase) decrease in accounts receivable	(29,425)	190,059
(Increase) decrease in pledges receivable	23,611	40,518
(Increase) decrease in prepaid expenses	(41,754)	9,628
(Increase) decrease in inventory	378,190	15,324
Increase (decrease) in accounts payable	17,844	(12,969)
Increase (decrease) in accrued payroll liabilities	(8,963)	(28,553)
Increase (decrease) in deferred revenue	(32,014)	(4,221)
Net cash provided by operating activities	<u>314,921</u>	<u>243,611</u>
Cash flows from investing activities		
Purchase of capital assets	(215,332)	(92,181)
Proceeds from sale of capital assets	7,750	2,000
Purchase of long-term investments	(24,774)	(55,973)
Proceeds from sale of long-term investments	11,006	47,500
(Increase) decrease in restricted cash	(7,119)	27,955
Net cash used in investing activities	<u>(228,469)</u>	<u>(70,699)</u>
Cash flows from financing activities		
Principal payments on long-term notes payable	(16,799)	(492,866)
Principal payments on capital lease obligations	-	(4,375)
(Increase) decrease in restricted cash	2,024	143,133
Net cash used in financing activities	<u>(14,775)</u>	<u>(354,108)</u>
Net increase (decrease) in cash and cash equivalents and designated cash	71,677	(181,196)
Cash and cash equivalents and designated cash at beginning of year	<u>141,844</u>	<u>323,040</u>
Cash and cash equivalents and designated cash at end of year	<u>\$ 213,521</u>	<u>\$ 141,844</u>
Supplemental information		
Interest paid	<u>\$ 12,049</u>	<u>\$ 21,446</u>

The accompanying notes are an integral part of these combined financial statements.

GOLDEN HARVEST FOOD BANK, INC. AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS

SEPTEMBER 30, 2012 AND 2011

Note 1—Summary of significant accounting policies

Nature of Operations – Golden Harvest Food Bank, Inc. (“Golden Harvest” or “the Food Bank” or “GHFB”) is a locally supported, nonprofit, charitable food distribution center that provides grocery products to the hungry through its member agencies. The Food Bank’s core activity is its distribution network to almost 400 churches and other charitable organizations within its service area, which encompasses 30 counties within Georgia and South Carolina. Golden Harvest also operates four direct service programs that feed the hungry: The Master’s Table Soup Kitchen, which serves over 280 people a free noon-time meal daily; Senior Food Box Program, which provides a free monthly bag of groceries for senior citizens; Manna Truck, a mobile food distribution program that allows agencies in neighborhood parking lots or county crossroads to distribute at least 5,000 pounds of food to the needy at one time; Backpack Program, that provides children at risk of hunger with a supply of nutritious, easy-open foods for the weekend. Golden Harvest’s programs are supported primarily by contributions and grants.

Principles of Combination – The combined financial statements include the accounts of Golden Harvest and its affiliates, Food Forever Fund, Inc. (“Food Forever” or “FFF”) and Golden Service Providers, Inc. (“GSP”). Food Forever is operated under common control and GSP is a wholly owned subsidiary of Golden Harvest Food Bank, Inc. Significant intercompany transactions and balances have been eliminated in the combination. Food Forever is a nonprofit organization formed for the purpose of investing funds for providing a future income stream for the operation of Golden Harvest. The assets of Food Forever are managed by a board of directors that has authority to make distributions to or for the use of the Food Bank. Transfers are subject to Food Forever Board approval on a case by case basis. GSP is a for profit organization formed for the purpose of providing janitorial services to organizations for the purpose of generating additional funds to support the mission of the Food Bank.

Financial Statement Presentation – The financial statements of Golden Harvest Food Bank, Inc. and affiliates, (the “Organization”), have been prepared on the accrual basis of accounting and follow accounting principles generally accepted in the United States of America as applied to nonprofit organizations.

Revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and related activity are classified into three net asset categories: unrestricted, temporarily restricted, and permanently restricted, as follows:

Unrestricted – Net assets that are not subject to donor-imposed restrictions.

Temporarily restricted – Net assets that are subject to donor-imposed restrictions that will be met either by actions of the Organization or the passage of time. Items that affect this net asset category are restricted contributions, including pledges, and grants for which restrictions have not been met. These amounts are reclassified to unrestricted when the restrictions are met or have expired. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as unrestricted.

Permanently restricted – Net assets that are subject to donor-imposed restrictions that will be maintained permanently by the Organization. Items that affect this net asset category include gifts wherein donors stipulate that the corpus is held in perpetuity and only the income be made available for program operations.

Support and Revenue – Support and revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless explicit donor stipulation or law restricts their use. Expiration of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) is reported as a reclassification between applicable classes of net assets.

GOLDEN HARVEST FOOD BANK, INC. AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS

SEPTEMBER 30, 2012 AND 2011

Note 1—Summary of significant accounting policies (continued)

Contributions, including unconditional pledges, are recognized in the period received. Conditional pledges are not recognized until the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at estimated fair value. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risk involved. Amortization of discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible pledges receivable is provided based upon management's judgment including such factors as prior collection history, type of contribution, and nature of fundraising activity. Pledges that are expected to be collected within one year are classified as current assets. Long-term pledges are expected to be collected within approximately two to four years. Revenue from fees is recognized when the program service is completed. Revenue from federal and state grants, most of which are on a reimbursement basis, is recognized when expenses are incurred in connection with the grants.

Income Taxes – The Organization has evaluated the effect of GAAP guidance on Accounting for Uncertainty in Income Taxes. Golden Harvest and Food Forever are exempt under Section 501(c)(3) of the Internal Revenue Code. Management believes that the Organization continues to satisfy the requirements of a tax-exempt organization and therefore had no uncertain income tax positions at September 30, 2012 and 2011. GSP files income tax returns in the U.S. federal jurisdiction, and various state jurisdictions. Deferred taxes are recognized for temporary differences between the basis of assets and liabilities for financial statement and income tax purposes. The differences relate primarily to depreciable assets (using accelerated depreciation methods for income tax purposes) and to the allowance for doubtful accounts (deductible for financial statement purposes but not for income tax purposes).

The Organization's federal Business Income Tax Returns for 2008, 2009, and 2010 are subject to examination by the IRS, generally for three years after they were filed.

Use of Estimates – The preparation of combined financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of any contingent assets and liabilities at the date of the combined financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Functional Allocation – The costs of providing the Organization's programs and other activities have been reported on a functional basis in the Combined Statements of Activities. Directly identifiable costs have been allocated to the program or supporting service benefited. Indirect costs have been allocated based on management's estimate of resources used on behalf of the program or supporting service.

Cash Equivalents – For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.

Advertising Costs – Advertising costs are expensed as incurred. These costs totaled \$329,653 and \$306,532 during the years ended September 30, 2012 and 2011, respectively.

Inventory - Inventory is valued at the lower of cost or market, determined using the first-in first-out (FIFO) method.

Investments - Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the Combined Statements of Financial Position. The Organization determines fair values of equity and debt instruments based on quoted market prices. Donated investments are recorded at fair value at the date of gift.

GOLDEN HARVEST FOOD BANK, INC. AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS

SEPTEMBER 30, 2012 AND 2011

Note 1—Summary of significant accounting policies (continued)

Realized gains or losses on the sale of investments are determined based on the most recent date at which the investments were adjusted for unrealized appreciation and depreciation. Unrealized gains and losses resulting from changes in market values are included with realized gains and losses as investment income in the Combined Statements of Activities.

Property and Equipment – The Organization capitalizes all expenditures in excess of \$1,000 for property and equipment at cost at date of acquisition for assets purchased. Donations of property and equipment are recorded as support at their estimated fair value at the date of gift. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as temporarily restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Depreciation is computed on a straight-line basis over the estimated useful lives of the respective assets, which range from 5 to 39 years.

Shipping and Handling Costs – Shipping costs are expensed as incurred and are included in program services as freight.

Contributed Services – The Organization receives a significant amount of donated services from unpaid volunteers who assist in food drives and food distribution. These donated services are not reflected in the combined financial statements since they do not meet the criteria for recognition as contributed services.

Concentrations of Credit Risk – The Organization places its cash and cash equivalents on deposit with financial institutions in the United States. The Federal Deposit Insurance Corporation (FDIC) covers \$250,000 for substantially all depository accounts and temporarily provides unlimited coverage through December 31, 2012 for certain qualifying and participating non-interest bearing transaction accounts. The Organization from time to time may have amounts on deposit in excess of the insured limits. As of September 30, 2012 and 2011, the Organization had \$26,550 and \$7,311, respectively, which exceeds these insured amounts.

Reclassifications – Certain reclassifications have been made to the 2011 financial statement presentation to correspond to the current year's format. Net assets and changes in net assets are unchanged due to these reclassifications.

Note 2—Cash designations and restrictions

At September 30, 2012 and 2011, designated and restricted cash included the following restricted funds:

Management designated funds of \$15,430 and \$61,923, respectively - Management voluntarily set aside this cash as an operating reserve.

FEMA restricted funds of \$76 and \$2,100, respectively - Funds were received directly from Federal Emergency Management Agency to be applied towards the costs of distributing food donations to FEMA recipients. These funds are required to be maintained in a separate bank account.

Funds restricted for The Master's Table Building fund of \$59,781 and \$52,662, respectively - These funds were raised for the construction of the Organization's new soup kitchen.

GOLDEN HARVEST FOOD BANK, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS

SEPTEMBER 30, 2012 AND 2011

Note 3—Accounts and pledges receivable

At September 30, 2012 and 2011, accounts receivable balances consisted of the following:

	<u>2012</u>	<u>2011</u>
Agency receivables	\$ 37,726	\$ 50,892
Grants receivable	104,216	135,406
Employee advances	1,563	100
Accounts receivable – GSP	40,595	-
Other receivables	<u>40,324</u>	<u>8,601</u>
Total accounts receivable	<u>\$ 224,424</u>	<u>\$ 194,999</u>

Agency receivables consist of numerous receivables from local agencies. Grants receivable are receivables from federal, state and local agencies. At September 30, 2012 and 2011, no allowance for doubtful accounts was considered necessary.

At September 30, 2012 and 2011, pledges receivable balances consisted of the following:

	<u>2012</u>	<u>2011</u>
Pledges receivable	\$ 1,600	\$ 27,834
Allowance for doubtful accounts	<u>(160)</u>	<u>(2,783)</u>
Net pledges receivable	<u>\$ 1,440</u>	<u>\$ 25,051</u>

Pledges receivable are comprised of promises to give from local individuals, businesses, charitable organizations, and local governments. They are the result of the campaign drive that the Organization has conducted to obtain funds for the Master's Table relocation.

Pledges receivable due in more than one year are discounted at 10%.

Of the \$27,834 in pledges outstanding as of September 30, 2011, approximately 90% was due from one (1) donor.

Note 4—Inventory

At September 30, 2012 and 2011, the inventory balance consisted of the following:

	<u>2012</u>	<u>2011</u>
Donated and purchased foods	\$ 935,569	\$ 763,225
Donated USDA foods	<u>1,237,213</u>	<u>1,787,747</u>
	<u>\$ 2,172,782</u>	<u>\$ 2,550,972</u>

Donated food is estimated at cost based upon the wholesale value of the food as determined by the Product Valuation Report, as published by Feeding America (formerly America's Second Harvest), The Nation's Food Bank Network. At September 30, 2012 and 2011, the approximate wholesale value of one pound of donated food was \$1.66. Purchased food is recorded at cost which approximates market.

GOLDEN HARVEST FOOD BANK, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS

SEPTEMBER 30, 2012 AND 2011

Note 5—Property and equipment

At September 30, 2012 and 2011, property and equipment consisted of the following:

	<u>2012</u>	<u>2011</u>
Land	\$ 438,787	\$ 438,787
Building	6,774,555	6,688,529
Automobiles	727,568	615,822
Equipment	<u>1,504,349</u>	<u>1,535,757</u>
	9,445,259	9,278,895
Accumulated depreciation	(3,646,981)	(3,310,473)
Construction in progress	<u>6,249</u>	<u>-</u>
	<u>\$ 5,804,527</u>	<u>\$ 5,968,422</u>

Note 6—Investments and endowment

Long-term investments, carried at fair value based on quoted prices for similar assets in active markets (all Level 2 measurements), at September 30, 2012 and 2011 consist of the following:

	<u>2012</u>		<u>2011</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Mutual funds	\$ 624,076	\$ 743,590	\$ 628,582	\$ 662,178
Total long-term investments	<u>\$ 624,076</u>	<u>\$ 743,590</u>	<u>\$ 628,582</u>	<u>\$ 662,178</u>

Total investments at September 30, 2012 are as follows:

	<u>Cash Equivalents</u>	<u>Long-Term Investments</u>	<u>Total</u>
Endowment investments	\$ 26,550	\$ 650,016	\$ 676,566
Unrestricted (general) investments	<u>-</u>	<u>93,574</u>	<u>93,574</u>
Total investments	<u>\$ 26,550</u>	<u>\$ 743,590</u>	<u>\$ 770,140</u>

The following summarizes the investment income in the Combined Statement of Activities:

	<u>2012</u>	<u>2011</u>
Interest and dividends	\$ 24,985	\$ 12,844
Net (losses) gains	<u>67,456</u>	<u>819</u>
Total investment return	<u>\$ 92,441</u>	<u>\$ 13,663</u>

GOLDEN HARVEST FOOD BANK, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS

SEPTEMBER 30, 2012 AND 2011

Note 7—Long-term debt

The Organization's long-term debt at September 30, 2012 and 2011 consist of the following:

	<u>2012</u>	<u>2011</u>
Note payable to Kuhlke Investment Co., LLC, due in monthly installments of \$2,404 including interest at 4.00% with the final installment payable in September 2025. The note is secured by a deed to secure debt conveying the property known as 3301 Commerce Drive, Augusta, Georgia.	\$ <u>292,059</u>	\$ <u>308,858</u>
	\$ <u>292,059</u>	\$ <u>308,858</u>

The combined aggregate maturities on the Organization's notes payable as of September 30, 2012 are as follows:

2013	\$ 17,484
2014	18,196
2015	18,937
2016	19,709
2017	20,512
Thereafter	<u>197,221</u>
	\$ <u>292,059</u>

Note 8—Rental income

The Organization leases a donated building to an entity on a month to month basis with monthly rental income was \$6,514 and \$13,028 for the years ended September 30, 2012 and 2011, respectively. The cost of the building and improvements was \$1,361,725 and the accumulated depreciation was \$438,553 and \$403,637 at September 30, 2012 and 2011, respectively.

The Organization leases units within a building to four (4) tenants. Three (3) tenants are under month to month leases and one (1) tenant is under a three-year lease agreement that terminates in 2014. Monthly rental incomes were \$2,660 for 2012 and 2011, respectively. The cost of the building and land was \$328,358 and the accumulated depreciation on the building was \$9,472 and \$4,925 at September 30, 2012 and 2011, respectively. Future rentals on non-cancelable operating leases related to the Organization's rental properties are as follows: \$4,800 in 2013 and \$3,600 in 2014.

Note 9—Operating leases

The Organization leases equipment for operations and special events on a year-to-year lease.

The Organization leases various equipment under operating leases expiring in fiscal years 2014 through 2017. For the years ended September 30, 2012 and 2011, total lease expense was \$80,611 and \$81,297, respectively.

GOLDEN HARVEST FOOD BANK, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS

SEPTEMBER 30, 2012 AND 2011

Note 9—Operating leases

The following is a schedule by year of future minimum lease payments under operating leases as of September 30, 2012, that have an initial or remaining lease terms in excess of one year:

2013	\$	74,232
2014		74,088
2015		10,488
2016		9,294
2017		8,100
	\$	<u>176,202</u>

The Organization leases copiers on a month-to-month basis from a board member of the Food Forever Fund. Rent expense for the years ended September 30, 2012 and 2011, was \$8,244 and \$7,764, respectively.

Note 10—Capital leases

The Organization leased a phone system from Hewlett-Packard under a capital lease. The economic substance of the lease is that the Organization financed the acquisition of the asset through the lease, and, accordingly, it is recorded in the Organization's assets and liabilities. The bargain purchase option included in the lease agreement was exercised at the end of the lease term during the year ended September 30, 2012.

Leased asset included in property and equipment:

	<u>2012</u>	<u>2011</u>
Equipment	\$ 12,325	\$ 12,325
Less accumulated depreciation	<u>(4,314)</u>	<u>(3,081)</u>
	<u>\$ 8,011</u>	<u>\$ 9,244</u>

Note 11—Defined contribution pension plan

The Organization has a simplified employee pension plan. Under this agreement, the Organization may contribute up to 3% of eligible gross wages on an annual basis. During the years ended September 30, 2012 and 2011, the Organization made no contributions to the plan.

Note 12—Related-party transactions

At September 30, 2012, Golden Harvest is indebted to Food Forever \$431,350 for the mortgage on two warehouse locations. 180 consecutive monthly installments of \$3,274 principal plus interest are due beginning February 1, 2011. Interest is assessed at an initial rate of three (3) percent per annum, provided that every twelve (12) months beginning January 1, 2012 the interest rate shall be adjusted to a rate equal to the prime rate established by Food Forever's bank. The rate will never be less than three (3) percent or greater than five (5) percent. In the combined financial statements, these amounts and transactions have been eliminated in the combination.

GOLDEN HARVEST FOOD BANK, INC. AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS

SEPTEMBER 30, 2012 AND 2011

Note 12—Related-party transactions (continued)

For the years ended September 30, 2012 and 2011, the Organization recorded approximately \$147,000 and \$141,000, respectively, in contributions from the Board of Directors, executive management and companies related to the Board of Directors.

At September 30, 2012 and 2011, the Organization had \$1,000 and \$27,570, respectively, in outstanding pledges receivable from Board members and employees. These amounts represent 63% and 99%, respectively, of total pledges outstanding.

At September 30, 2012, \$40,595 was due from GSP to Golden Harvest. Also, during the year ended September 30, 2012, GSP obtained a service contract to provide janitorial services at a stated hourly rate, to an entity in which a board member is employed. As of September 30, 2012, \$64,794 was billed for services rendered and \$41,095 was included in accounts receivable.

Note 13—Cash flow information

The Organization had a noncash donation of new trucks of \$0 and \$59,807 in 2012 and 2011, respectively.

Note 14—Fair value measurements

FASB ASC 820, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 – Inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. Following is a description of the valuation methodologies used for assets measured at fair value:

Investments in Golden Harvest equity security funds are valued at the net asset value based on quoted market prices of the underlying securities.

Investments in Food Forever equity security funds are valued using quoted market prices.

GOLDEN HARVEST FOOD BANK, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS

SEPTEMBER 30, 2012 AND 2011

Note 14—Fair value measurements (continued)

The preceding methods described may produce a fair value correlation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are 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.

Fair value of assets measured on a recurring basis at September 30, 2012 is as follows:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments:				
Golden Harvest – Mutual funds	\$ 93,574	\$ -	\$ 93,574	\$ -
Food Forever - Mutual funds	<u>650,016</u>	<u>-</u>	<u>650,016</u>	<u>-</u>
	<u>\$ 743,590</u>	<u>\$ -</u>	<u>\$ 743,590</u>	<u>\$ -</u>

Fair value of assets measured on a recurring basis at September 30, 2011 is as follows:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments:				
Golden Harvest – Mutual funds	\$ 74,921	\$ -	\$ 74,921	\$ -
Food Forever - Mutual funds	<u>587,257</u>	<u>-</u>	<u>587,257</u>	<u>-</u>
	<u>\$ 662,178</u>	<u>\$ -</u>	<u>\$ 662,178</u>	<u>\$ -</u>

All assets have been valued using a market approach. Fair values for assets in Level 2 are calculated using quoted market prices for similar assets in markets that are active. There were no changes in the valuations techniques during the current year.

Note 15—Endowment funds

The Organization's endowment consists of funds established for board-restricted endowment funds. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Organization has interpreted UPMIFA 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 stipulation to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

GOLDEN HARVEST FOOD BANK, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS

SEPTEMBER 30, 2012 AND 2011

Note 15—Endowment funds (continued)

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowments funds:

1. The duration and preservation of the fund
2. The purposes of the donor-restricted endowment fund
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 Organization
7. The investment policies of the Organization

Endowment net assets consist of the following at September 30, 2012:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Board-designated endowment funds	\$ 682,652	\$ -	\$ -	\$ 682,652
Total endowed net assets	<u>\$ 682,652</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 682,652</u>

Endowment net assets consist of the following at September 30, 2011:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Board-designated endowment funds	\$ 593,952	\$ -	\$ -	\$ 593,952
Total endowed net assets	<u>\$ 593,952</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 593,952</u>

Endowment net assets consist of the following assets:

	<u>2012</u>	<u>2011</u>
Cash and cash equivalents - Food Forever Fund	\$ 32,636	\$ 6,695
Investments - Food Forever Fund	650,016	587,257
	<u>\$ 682,652</u>	<u>\$ 593,952</u>

GOLDEN HARVEST FOOD BANK, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS

SEPTEMBER 30, 2012 AND 2011

Note 15—Endowment funds (continued)

Changes in endowment net assets for the year ended September 30, 2012 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, October 01, 2011	\$ 593,952	\$ -	\$ -	\$ 593,952
Investment return:				
Investment income, net of fees and expenses	29,286	-	-	29,286
Net appreciation	<u>48,991</u>	<u>-</u>	<u>-</u>	<u>48,991</u>
Total investment return	78,277	-	-	78,277
Contributions	270	-	-	270
Appropriation of endowment assets for expenditure	(15,834)	-	-	(15,834)
Repayments from Golden Harvest	<u>25,987</u>	<u>-</u>	<u>-</u>	<u>25,987</u>
Endowment net assets, September 30, 2012	<u>\$ 682,652</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 682,652</u>

Changes in endowment net assets for the year ended September 30, 2011 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, October 01, 2010	\$ 858,328	\$ -	\$ -	\$ 858,328
Investment return:				
Investment income, net of fees and expenses	19,111	-	-	19,111
Net appreciation (depreciation)	<u>(3,621)</u>	<u>-</u>	<u>-</u>	<u>(3,621)</u>
Total investment return	15,490	-	-	15,490
Contributions	240	-	-	240
Appropriation of endowment assets for expenditure	(4,201)	-	-	(4,201)
Repayments from Golden Harvest	185,110	-	-	185,110
Loan to Golden Harvest	<u>(461,015)</u>	<u>-</u>	<u>-</u>	<u>(461,015)</u>
Endowment net assets, September 30, 2011	<u>\$ 593,952</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 593,952</u>

GOLDEN HARVEST FOOD BANK, INC. AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS

SEPTEMBER 30, 2012 AND 2011

Note 15—Endowment funds (continued)

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. There were no such deficiencies as of September 30, 2012 and 2011.

Return Objectives and Risk Parameters

The primary investment objective of the Organization is to preserve and protect the assets of the Organization while earning an appropriate return for each type of investments. The general investment objects are 1) preservation of the principal, 2) production of current income, 3) growth of principal, 4) maintenance of liquidity and 5) investment diversification. Endowment assets include board-designated funds that the Organization has placed in the Endowment for investment purposes.

Strategies Employed for Achieving Objectives

To accomplish the Organization's investment objectives, the portfolio manager is authorized to build a balanced portfolio of equity securities, fixed income securities and short-term investments. The quality of the assets as rated by Standard & Poor's must be a B+ or better for common stock, BBB or better for convertible preferred stock and convertible bonds, BAA or better for fixed-income securities and A-1 or better for short-term securities. The Organization targets a diversified asset mix such that investments in equity securities of any one company may not exceed 10% of the portfolio and no more than 25% of the entire portfolio may be invested in the securities of any one industry.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Organization has a policy of disbursing each year 75% of the net earnings from the prior year. Accordingly, the Organization expects the current spending policy to allow its endowment to maintain its purchasing power. Additional real growth will be provided through new gifts and any excess investment return.

Note 16—Temporarily restricted net assets

Temporarily restricted net assets as of September 30, 2012 and 2011 consist of the following:

	<u>2012</u>	<u>2011</u>
Capital contributions for new building	\$ 61,297	\$ 68,338
Capital contributions for new trailer	-	<u>55,000</u>
	<u>\$ 61,297</u>	<u>\$ 123,338</u>

Note 17—Subsequent events

Management has evaluated subsequent events through January 17, 2013, the date which the combined financial statements were available to be issued.

GOLDEN HARVEST FOOD BANK, INC. AND AFFILIATES
COMBINING STATEMENT OF FINANCIAL POSITION

SEPTEMBER 30, 2012

	<u>GHFB</u>	<u>FFF</u>	<u>GSP</u>	<u>Total</u>
ASSETS				
Current assets				
Cash and cash equivalents	\$ 137,021	\$ 32,636	\$ 28,434	\$ 198,091
Designated cash	15,430	-	-	15,430
Restricted cash	59,857	-	-	59,857
Accounts receivable	183,329	-	41,095	224,424
Pledges receivable, current portion (net of allowance for doubtful pledges of \$160 and \$2,783, respectively)	1,440	-	-	1,440
Prepaid expense	76,947	-	-	76,947
Inventory	2,172,782	-	-	2,172,782
Intercompany	(390,835)	431,430	(40,595)	-
Total current assets	<u>2,255,971</u>	<u>464,066</u>	<u>28,934</u>	<u>2,748,971</u>
Non-current assets				
Investments	93,574	650,016	-	743,590
Property and equipment, net of accumulated depreciation	5,803,252	-	1,275	5,804,527
Total non-current assets	<u>5,896,826</u>	<u>650,016</u>	<u>1,275</u>	<u>6,548,117</u>
Total assets	<u>\$ 8,152,797</u>	<u>\$ 1,114,082</u>	<u>\$ 30,209</u>	<u>\$ 9,297,088</u>

	<u>GHFB</u>	<u>FFF</u>	<u>GSP</u>	<u>Total</u>
LIABILITIES AND NET ASSETS				
Current liabilities				
Accounts payable	\$ 109,569	\$ -	\$ 17,306	\$ 126,875
Accrued payroll liabilities	144,141	-	3,125	147,266
Deferred revenue	88,416	-	-	88,416
Current portion of notes payable	17,484	-	-	17,484
Total current liabilities	<u>359,610</u>	<u>-</u>	<u>20,431</u>	<u>380,041</u>
Noncurrent liabilities				
Notes payable	274,575	-	-	274,575
Total noncurrent liabilities	<u>274,575</u>	<u>-</u>	<u>-</u>	<u>274,575</u>
Total liabilities	<u>634,185</u>	<u>-</u>	<u>20,431</u>	<u>654,616</u>
Net assets				
Unrestricted net assets	7,457,315	1,114,082	9,778	8,581,175
Temporarily restricted net assets	61,297	-	-	61,297
Total net assets	<u>7,518,612</u>	<u>1,114,082</u>	<u>9,778</u>	<u>8,642,472</u>
Total liabilities and net assets	<u>\$ 8,152,797</u>	<u>\$ 1,114,082</u>	<u>\$ 30,209</u>	<u>\$ 9,297,088</u>

GOLDEN HARVEST FOOD BANK, INC. AND AFFILIATES
COMBINING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED SEPTEMBER 30, 2012

	<u>GHFB</u>	<u>FFF</u>	<u>GSP</u>	<u>Total</u>
Unrestricted net assets				
Support and revenue				
Support:				
Contributions – food	\$ 21,197,734	\$ -	\$ -	\$ 21,197,734
Contributions – monetary	2,234,303	270	-	2,234,573
Federal, state and local grants and contracts	1,146,695	-	-	1,146,695
Corporate sponsorships	190,959	-	-	190,959
Intercompany	2,470	(2,470)	-	-
Net assets released from restrictions	62,041	-	-	62,041
Total support	<u>24,834,202</u>	<u>(2,200)</u>	<u>-</u>	<u>24,832,002</u>
Revenue:				
Purchased food sales	1,099,230	-	-	1,099,230
Shared maintenance fees	330,321	-	-	330,321
Agency fees	16,780	-	-	16,780
Rental income	113,582	-	-	113,582
Fund raising	139,779	-	-	139,779
Investment income (loss), net	20,655	71,786	-	92,441
Charges for services - Golden Service Providers	-	-	64,794	64,794
Miscellaneous	13,748	-	-	13,748
Total revenue	<u>1,734,095</u>	<u>71,786</u>	<u>64,794</u>	<u>1,870,675</u>
Total unrestricted support and revenue	<u>26,568,297</u>	<u>69,586</u>	<u>64,794</u>	<u>26,702,677</u>
Expenses				
Program services	25,645,775	-	-	25,645,775
Supporting services:				
Management and general	451,878	-	-	451,878
Fund raising	777,495	-	-	777,495
Fund raising - Food Forever Fund	-	6,873	-	6,873
Fund raising - Golden Service Providers	-	-	55,016	55,016
Total supporting services	<u>1,229,373</u>	<u>6,873</u>	<u>55,016</u>	<u>1,291,262</u>
Total expenses	<u>26,875,148</u>	<u>6,873</u>	<u>55,016</u>	<u>26,937,037</u>
Increase (decrease) in unrestricted net assets	<u>(306,851)</u>	<u>62,713</u>	<u>9,778</u>	<u>(234,360)</u>

	<u>GHFB</u>	<u>FFF</u>	<u>GSP</u>	<u>Total</u>
Temporarily restricted net assets				
Net assets released from restrictions	<u>(62,041)</u>	<u>-</u>	<u>-</u>	<u>(62,041)</u>
Increase (decrease) in temporarily restricted net assets	<u>(62,041)</u>	<u>-</u>	<u>-</u>	<u>(62,041)</u>
Increase (decrease) in net assets	<u>(368,892)</u>	<u>62,713</u>	<u>9,778</u>	<u>(296,401)</u>
Net assets, beginning of year	<u>7,887,504</u>	<u>1,051,369</u>	<u>-</u>	<u>8,938,873</u>
Net assets, end of year	<u>\$ 7,518,612</u>	<u>\$ 1,114,082</u>	<u>\$ 9,778</u>	<u>\$ 8,642,472</u>

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors
Golden Harvest Food Bank, Inc.
Augusta, Georgia

We have audited the combined financial statements of Golden Harvest Food Bank, Inc. and affiliates, (the "Organization"), as of and for the year ended September 30, 2012, and have issued our report thereon dated January 17, 2013. 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.

Internal Control Over Financial Reporting

Management of the Organization is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Organization's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the combined financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined previously.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's combined financial statements are free of 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*.

We noted certain matters that we reported to management of the Organization in a separate letter dated January 17, 2013.

This report is intended solely for the information and use of management, the Board of Directors, others within the entity, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Augusta, Georgia
January 17, 2013