

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

**COMBINED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

As of and for the Years Ended September 30, 2020 and 2019

And Report of Independent Auditor

GOLDEN HARVEST FOOD BANK, INC. AND AFFILIATES
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Report of Independent Auditor

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

Report on the Combined Financial Statements

We have audited the accompanying combined financial statements of Golden Harvest Food Bank, Inc. and Affiliates (a nonprofit organization) (the "Organization"), which comprise the combined statements of financial position as of September 30, 2020 and 2019, and the related combined statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Combined Financial Statements

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

Auditor's Responsibility

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 audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the combined 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 Organization'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 combined financial statements.

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

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, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters – Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The combining statements of financial position and combining statements of activities and changes in net assets on pages 21 and 22, respectively, and the statement of functional expenses – Golden Harvest Food Bank, Inc. on page 23 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 information is fairly stated, in all material respects, in relation to the combined financial statements as a whole.

The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, on pages 26, 27, and 28, is presented for purposes of additional analysis and is 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 audits 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 information is fairly stated, in all material respects, in relation to the combined financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2021 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Chung Bekant LLP". The signature is written in a cursive, flowing style.

Augusta, Georgia
October 27, 2021

GOLDEN HARVEST FOOD BANK, INC. AND AFFILIATES

COMBINED STATEMENTS OF FINANCIAL POSITION

SEPTEMBER 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 4,509,180	\$ 490,074
Designated cash	51,654	1,631
Restricted cash	9,752	4,142
Accounts receivable, net of allowance	615,795	616,481
Prepaid expense	32,603	13,669
Inventories	<u>3,890,698</u>	<u>3,421,394</u>
Total Current Assets	<u>9,109,682</u>	<u>4,547,391</u>
Noncurrent Assets:		
Investments	1,085,574	1,053,883
Property and equipment, net of accumulated depreciation	<u>4,203,889</u>	<u>4,225,076</u>
Total Noncurrent Assets	<u>5,289,463</u>	<u>5,278,959</u>
Total Assets	<u><u>\$ 14,399,145</u></u>	<u><u>\$ 9,826,350</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 116,095	\$ 79,694
Accrued payroll and other liabilities	200,035	172,565
Deferred revenue	101,287	108,601
Line of credit	150,000	150,000
Current portion of notes payable	<u>82,694</u>	<u>81,066</u>
Total Current Liabilities	<u>650,111</u>	<u>591,926</u>
Noncurrent Liabilities:		
Paycheck Protection Program ("PPP") Loan	488,482	-
Notes payable	<u>598,712</u>	<u>682,472</u>
Total Noncurrent Liabilities	<u>1,087,194</u>	<u>682,472</u>
Total Liabilities	<u>1,737,305</u>	<u>1,274,398</u>
Net Assets:		
Without donor restrictions	12,428,550	8,284,297
With donor restrictions	<u>233,290</u>	<u>267,655</u>
Total Net Assets	<u>12,661,840</u>	<u>8,551,952</u>
Total Liabilities and Net Assets	<u><u>\$ 14,399,145</u></u>	<u><u>\$ 9,826,350</u></u>

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

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

YEARS ENDED SEPTEMBER 30, 2020 AND 2019

	2020	2019
Net Assets Without Donor Restrictions:		
Support and Revenue:		
Support:		
Contributions - food	\$ 24,247,847	\$ 26,536,610
Contributions - monetary	5,593,161	2,824,203
Federal, state, and local grants and contracts	2,801,933	1,539,729
Net assets released from restrictions	413,844	489,222
Total Support	<u>33,056,785</u>	<u>31,389,764</u>
Revenue:		
Purchased food sales and shared maintenance fees	1,201,157	1,790,686
Agency fees	63,282	14,900
Rental income	76,800	6,800
Fundraising events	368,999	308,020
Net investment income	46,458	20,606
Charges for services - Golden Service Providers	71,044	180,584
Miscellaneous	12,638	30,988
Total Revenue	<u>1,840,378</u>	<u>2,352,584</u>
Total Support and Revenue Without Donor Restrictions	<u>34,897,163</u>	<u>33,742,348</u>
Expenses:		
Program Services	<u>29,068,950</u>	<u>30,663,857</u>
Supporting Services:		
Management and general	714,056	572,505
Fundraising - Golden Harvest Food Bank, Inc.	877,963	874,040
Fundraising - Food Forever Fund	17,746	6,707
Fundraising - Golden Service Providers	74,195	153,495
Total Supporting Services	<u>1,683,960</u>	<u>1,606,747</u>
Total Expenses	<u>30,752,910</u>	<u>32,270,604</u>
Change in Net Assets Without Donor Restrictions	<u>4,144,253</u>	<u>1,471,744</u>
Net Assets With Donor Restrictions:		
Contributions for programs	379,479	442,937
Net assets released from restrictions	<u>(413,844)</u>	<u>(489,222)</u>
Change in Net Assets With Donor Restrictions	<u>(34,365)</u>	<u>(46,285)</u>
Change in net assets	4,109,888	1,425,459
Net assets, beginning of year	<u>8,551,952</u>	<u>7,126,493</u>
Net assets, end of year	<u><u>\$ 12,661,840</u></u>	<u><u>\$ 8,551,952</u></u>

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

GOLDEN HARVEST FOOD BANK, INC. AND AFFILIATES

COMBINED STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED SEPTEMBER 30, 2020 AND 2019 (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	788,141	124,971	50,583	233,522	25,481	-
Payroll taxes	69,724	9,568	3,870	42,127	1,949	-
Fringe benefits	204,198	40,118	35	25,028	6,111	-
Advertising	19,043	-	-	936	936	-
Auto and delivery	49,391	-	-	5,348	255	-
Office and postage	84,682	-	-	6,737	7	11
Job training	740	-	-	-	675	-
Casual labor	13,314	51,354	-	643	-	-
Dues and subscriptions	25,855	-	-	658	-	-
Food purchases	792,182	13,632	-	218,782	65,436	976,256
Freight	10,522	-	-	800	-	-
Insurance	48,153	7,113	14,483	24,523	14,200	-
Interest	6,483	-	-	-	12,881	-
Miscellaneous	13,613	21,432	-	6,548	3,133	-
Professional services	11,327	2,747	-	4,421	-	-
Rental	128,074	-	954	438	704	-
Maintenance	88,580	28,736	9,876	34,934	2,232	-
Fees	25,377	-	-	15,617	955	-
Supplies	87,877	26,855	1,006	4,902	2,594	4,712
Telephone	37,608	3,015	3,407	5,085	4,917	-
Travel	14,329	915	-	2,124	364	44
Utilities	92,787	36,674	8,931	26,479	6,730	-
Events	245	25,763	-	-	-	-
Depreciation	116,198	74,628	7,452	66,996	16,752	-
Income tax expense (benefit)	-	-	-	-	-	-
	<u>2,728,443</u>	<u>467,521</u>	<u>100,597</u>	<u>726,648</u>	<u>166,312</u>	<u>981,023</u>
Gain on disposal of assets	(10,000)	-	-	-	-	-
	<u>\$ 2,718,443</u>	<u>\$ 467,521</u>	<u>\$ 100,597</u>	<u>\$ 726,648</u>	<u>\$ 166,312</u>	<u>\$ 981,023</u>

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

Food Distributions	Total	Supporting Services				2020 Total	2019 Total (Memo only)
		Management and General	Fundraising - GHFB	Fundraising - Affiliates	Total		
\$ 23,908,406	\$ 23,908,406	\$ -	\$ -	\$ -	\$ -	\$ 23,908,406	\$ 25,464,641
-	1,222,698	499,047	403,732	-	902,779	2,125,477	1,869,862
-	127,238	38,051	30,872	271	69,194	196,432	168,074
-	275,490	49,283	66,421	-	115,704	391,194	332,008
-	20,915	-	227,899	-	227,899	248,814	239,706
-	54,994	-	-	-	-	54,994	71,617
-	91,437	13	19,097	-	19,110	110,547	140,069
-	1,415	-	827	-	827	2,242	3,858
-	65,311	-	21,926	-	21,926	87,237	68,855
-	26,513	589	5,470	-	6,059	32,572	16,011
-	2,066,288	-	-	-	-	2,066,288	2,446,297
-	11,322	-	-	-	-	11,322	18,850
-	108,472	19,096	1,518	-	20,614	129,086	135,159
-	19,364	750	-	-	750	20,114	18,715
-	44,726	16,533	3,922	50,442	70,897	115,623	116,354
-	18,495	80,426	66,237	31,150	177,813	196,308	195,417
-	130,170	-	-	-	-	130,170	113,807
-	164,358	-	2,646	916	3,562	167,920	139,077
-	41,949	6,250	3,936	-	10,186	52,135	62,476
-	127,946	504	3,120	8,574	12,198	140,144	90,327
-	54,032	2,552	2,319	-	4,871	58,903	62,453
-	17,776	868	2,478	-	3,346	21,122	31,069
-	171,601	-	-	-	-	171,601	187,811
-	26,008	94	13,575	-	13,669	39,677	33,560
-	282,026	-	1,968	-	1,968	283,994	291,527
-	-	-	-	588	588	588	(20,196)
23,908,406	29,078,950	714,056	877,963	91,941	1,683,960	30,762,910	32,297,404
-	(10,000)	-	-	-	-	(10,000)	(26,800)
<u>\$ 23,908,406</u>	<u>\$ 29,068,950</u>	<u>\$ 714,056</u>	<u>\$ 877,963</u>	<u>\$ 91,941</u>	<u>\$ 1,683,960</u>	<u>\$ 30,752,910</u>	<u>\$ 32,270,604</u>

GOLDEN HARVEST FOOD BANK, INC. AND AFFILIATES

COMBINED STATEMENTS OF FUNCTIONAL EXPENSES

YEAR ENDED SEPTEMBER 30, 2019

	Program Services					
	Augusta Distribution	Augusta Master's Table	Faith Food Factory	Aiken Distribution	Upstate SC Distribution	Direct Services
Food donations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Salaries and payroll expenses	673,644	80,544	35,056	173,441	105,039	-
Payroll taxes	58,869	6,406	2,801	18,657	8,503	-
Fringe benefits	156,978	31,652	-	20,064	21,096	-
Advertising	7,425	239	-	3,065	3,065	-
Auto and delivery	55,121	-	-	8,671	7,682	-
Office and postage	112,520	42	-	5,723	3,771	-
Job training	2,781	-	-	178	800	-
Casual labor	8,137	31,626	-	2,020	1,951	-
Dues and subscriptions	7,561	12	-	-	305	-
Food purchases	680,433	5,863	-	302,750	58,400	1,398,851
Freight	18,850	-	-	-	-	-
Insurance	57,506	5,765	13,567	23,652	17,603	-
Interest	3,124	-	-	133	14,606	-
Miscellaneous	2,218	16,473	196	280	1,071	26
Professional services	7,072	2,049	-	75	464	-
Rental	112,068	-	-	-	1,739	-
Maintenance	79,350	17,464	5,000	21,700	14,850	-
Fees	32,874	-	-	22,927	3,818	-
Supplies	28,069	16,194	1,850	6,101	8,997	4,679
Telephone	38,356	2,740	2,455	6,689	7,030	-
Travel	17,495	282	-	872	610	1,077
Utilities	90,960	39,660	7,100	21,937	28,154	-
Events	3,135	2,503	-	1,250	-	-
Depreciation	123,731	74,628	7,452	66,996	16,752	-
Income tax expense (benefit)	-	-	-	-	-	-
	<u>2,378,277</u>	<u>334,142</u>	<u>75,477</u>	<u>707,181</u>	<u>326,306</u>	<u>1,404,633</u>
Gain on disposal of assets	<u>(26,800)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u><u>\$ 2,351,477</u></u>	<u><u>\$ 334,142</u></u>	<u><u>\$ 75,477</u></u>	<u><u>\$ 707,181</u></u>	<u><u>\$ 326,306</u></u>	<u><u>\$ 1,404,633</u></u>

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

		Supporting Services				2019 Total
Food Distributions	Total	Management and General	Fundraising - GHFB	Fundraising - Affiliates	Total	
\$ 25,464,641	\$ 25,464,641	\$ -	\$ -	\$ -	\$ -	\$ 25,464,641
-	1,067,724	391,929	410,209	-	802,138	1,869,862
-	95,236	30,939	32,643	9,256	72,838	168,074
-	229,790	49,856	52,362	-	102,218	332,008
-	13,794	-	225,912	-	225,912	239,706
-	71,474	108	35	-	143	71,617
-	122,056	5,954	11,582	477	18,013	140,069
-	3,759	-	99	-	99	3,858
-	43,734	-	25,121	-	25,121	68,855
-	7,878	4,582	2,902	649	8,133	16,011
-	2,446,297	-	-	-	-	2,446,297
-	18,850	-	-	-	-	18,850
-	118,093	12,911	1,155	3,000	17,066	135,159
-	17,863	852	-	-	852	18,715
-	20,264	3,120	2,109	90,861	96,090	116,354
-	9,660	64,309	67,328	54,120	185,757	195,417
-	113,807	-	-	-	-	113,807
-	138,364	216	497	-	713	139,077
-	59,619	-	2,857	-	2,857	62,476
-	65,890	990	1,508	21,939	24,437	90,327
-	57,270	2,578	2,509	96	5,183	62,453
-	20,336	4,161	6,572	-	10,733	31,069
-	187,811	-	-	-	-	187,811
-	6,888	-	26,672	-	26,672	33,560
-	289,559	-	1,968	-	1,968	291,527
-	-	-	-	(20,196)	(20,196)	(20,196)
25,464,641	30,690,657	572,505	874,040	160,202	1,606,747	32,297,404
-	(26,800)	-	-	-	-	(26,800)
\$ 25,464,641	\$ 30,663,857	\$ 572,505	\$ 874,040	\$ 160,202	\$ 1,606,747	\$ 32,270,604

GOLDEN HARVEST FOOD BANK, INC. AND AFFILIATES

COMBINED STATEMENTS OF CASH FLOWS

YEARS ENDED SEPTEMBER 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Change in net assets	\$ 4,109,888	\$ 1,425,459
Adjustment to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	283,994	291,527
Net unrealized and realized loss (gain) on investments	(3,067)	22,578
Gain on disposal of assets	(10,000)	(26,800)
Decrease (increase) in accounts receivable	686	(310,283)
(Increase) decrease in prepaid expenses	(18,934)	2,893
Increase in inventories	(469,304)	(961,470)
Increase (decrease) in accounts payable	36,401	(141,159)
Increase (decrease) in accrued payroll and other liabilities	27,470	(89,253)
Decrease (increase) in deferred revenue	(7,314)	29,627
Net cash flows from operating activities	<u>3,949,820</u>	<u>243,119</u>
Cash flows from investing activities:		
Purchase of property and equipment	(262,807)	(71,844)
Proceeds from disposal of assets	10,000	26,800
Purchase of long-term investments	<u>(28,624)</u>	<u>(27,430)</u>
Net cash flows from investing activities	<u>(281,431)</u>	<u>(72,474)</u>
Cash flows from financing activities:		
Net change in line of credit	-	150,000
Principal payments on long-term notes payable	(82,132)	(82,693)
Proceeds from Paycheck Protection Program loan	<u>488,482</u>	<u>-</u>
Net cash flows from financing activities	<u>406,350</u>	<u>67,307</u>
Net increase in cash, cash equivalents, designated cash, and restricted cash	4,074,739	237,952
Cash, cash equivalents, designated cash, and restricted cash, beginning of year	<u>495,847</u>	<u>257,895</u>
Cash, cash equivalents, designated cash, and restricted cash, end of year	<u><u>\$ 4,570,586</u></u>	<u><u>\$ 495,847</u></u>
Supplemental information:		
Taxes paid	<u>\$ 296</u>	<u>\$ -</u>
Interest paid	<u><u>\$ 20,114</u></u>	<u><u>\$ 18,715</u></u>

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

GOLDEN HARVEST FOOD BANK, INC. AND AFFILIATES

NOTES TO THE COMBINED FINANCIAL STATEMENTS

SEPTEMBER 30, 2020 AND 2019

Note 1—Nature of operations and summary of significant accounting policies

Nature of Operations – Golden Harvest Food Bank, Inc. (“Golden Harvest”, “the Food Bank”) 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 300 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; Mobile Food Pantry, 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; and 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. During the years ended September 30, 2020 and 2019, approximately 41% and 40%, respectively, of revenue and support without donor restrictions was obtained from one federal agency.

Principles of Combination – The combined financial statements include the accounts of Golden Harvest and its affiliates, Food Forever Fund, Inc. (“Food Forever”) and Golden Service Providers, Inc. (“GSP”) (collectively, the “Organization”). Food Forever is operated under common control, and GSP is a wholly-owned subsidiary of Golden Harvest. 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 combined financial statements of the Organization have been prepared on the accrual basis of accounting and follow accounting principles generally accepted in the United States of America (“U.S. GAAP”) 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 two net asset categories as follows:

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

Net Assets With Donor Restrictions – Net assets that are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature that may or will be met, either by actions of the Organization or the passage of time. Other donor-imposed restrictions are perpetual in nature, when the donor stipulates that resources be maintained in perpetuity.

Support and Revenue – Support and revenue are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless explicit donor stipulation or law restricts their use. When a donor restriction expires, that is, when a stipulated time restriction ends or the donor-stipulated purpose has been fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the combined statements of activities as net assets released from restrictions.

GOLDEN HARVEST FOOD BANK, INC. AND AFFILIATES

NOTES TO THE COMBINED FINANCIAL STATEMENTS

SEPTEMBER 30, 2020 AND 2019

Note 1—Nature of operations and 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. 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 U.S. 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, 2020 and 2019. 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).

Use of Estimates – The preparation of combined financial statements in conformity with U.S. GAAP 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 and changes in net assets and the combined statements of functional expenses. 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 combined statements of cash flows, the Organization considers unrestricted funds and all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.

During the year ended September 30, 2020, the Organization implemented Accounting Standards Update ("ASU") 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. The update provides specific guidance on the cash flow classification and presentation of changes in restricted cash and restricted cash equivalents.

Accounts Receivable – Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Organization provides for losses on accounts receivable using the allowance method. The allowance is based on experience, third party contracts, and other circumstances, which may affect the ability of customers to meet their obligations. It is the Organization's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

Advertising Costs – Advertising costs are expensed as incurred. These costs totaled \$248,814 and \$239,706 during the years ended September 30, 2020 and 2019, respectively.

GOLDEN HARVEST FOOD BANK, INC. AND AFFILIATES

NOTES TO THE COMBINED FINANCIAL STATEMENTS

SEPTEMBER 30, 2020 AND 2019

Note 1—Nature of operations and summary of significant accounting policies (continued)

Inventories – Inventories are valued at the lower of cost or market, determined using the first-in first-out 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.

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 net investment income in the combined statements of activities and changes in net assets.

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 support without donor restrictions 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 support with donor restrictions. 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 net assets with donor restrictions to net assets without donor restrictions 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 40 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 covers \$250,000 for substantially all depository accounts. The Organization from time-to-time may have amounts on deposit in excess of the insured limits. As of September 30, 2020 and 2019, the Organization had \$4,140,583 and \$246,394, respectively, which exceeds these insured amounts.

Paycheck Protection Program (“PPP”) – The Organization has elected to use Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 470, *Debt*, (debt model), to record the loan received under the PPP. Under the debt model, the PPP loan has been classified as long-term debt.

Future Accounting Pronouncements – In February 2016, FASB issued ASU 2016-02, *Leases*. The standard requires all leases with lease terms over 12 months to be capitalized as a right-of-use asset and lease liability on the balance sheet at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will be relevant for the pattern of expense recognition in the income statement. This standard will be effective for the fiscal year ending September 30, 2022. The Organization is currently in the process of evaluating the impact of adoption of this ASU on the combined financial statements.

GOLDEN HARVEST FOOD BANK, INC. AND AFFILIATES

NOTES TO THE COMBINED FINANCIAL STATEMENTS

SEPTEMBER 30, 2020 AND 2019

Note 1—Nature of operations and summary of significant accounting policies (continued)

In May 2014, FASB issued ASU 2014-09, *Revenue from Contracts with Customers*. ASU 2014-09 clarifies the principles for recognizing revenue and develops a common revenue standard under U.S. GAAP under which an entity should recognize revenue to depict 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. This standard will be effective for the fiscal year ending September 30, 2021. The Organization is currently in the process of evaluating the impact of adoption of this ASU on the combined financial statements.

Note 2—Cash designations and restrictions

At September 30, 2020 and 2019, designated and restricted cash included the following restricted funds:

Management designated funds of \$51,654 and \$1,631, respectively – Management voluntarily set aside this cash as an operating reserve.

Federal Emergency Management Agency (“FEMA”) restricted funds of \$9,752 and \$4,142, respectively – Funds were received directly from FEMA 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. These funds are included in restricted cash on the combined statements of financial position.

Refer to Note 13 for Board designated endowment funds.

Note 3—Accounts receivable

At September 30, 2020 and 2019, accounts receivable balances consisted of the following:

	2020	2019
Agency receivables	\$ 13,175	\$ 32,536
Grants receivable	602,620	534,688
Accounts receivable - GSP	-	51,651
Allowance for doubtful accounts - GSP	-	(2,394)
Total accounts receivable	\$ 615,795	\$ 616,481

Agency receivables consist of numerous receivables from local agencies. Grants receivable are receivables from federal, state, and local agencies. Program receivables are receivables from other non-profits who support the direct service programs at the Organization. At September 30, 2020 and 2019, management’s estimated allowance for doubtful accounts was \$-0- and \$2,394, respectively.

Note 4—Inventories

At September 30, 2020 and 2019, inventories consisted of the following:

	2020	2019
Donated USDA food	\$ 2,761,755	\$ 2,743,961
Donated - other	267,724	239,041
Donated - non-food	274,037	183,872
Purchased	587,182	254,520
	\$ 3,890,698	\$ 3,421,394

GOLDEN HARVEST FOOD BANK, INC. AND AFFILIATES

NOTES TO THE COMBINED FINANCIAL STATEMENTS

SEPTEMBER 30, 2020 AND 2019

Note 4—Inventories (continued)

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, 2020 and 2019, the approximate wholesale value of one pound of donated food was \$1.49 and \$1.52, respectively. At September 30, 2020 and 2019, the approximate wholesale value of one pound of donated non-food was \$11.71 and \$5.59, respectively. Purchased items are recorded at cost, which approximates market.

Note 5—Property and equipment

At September 30, 2020 and 2019, property and equipment consisted of the following:

	2020	2019
Land	\$ 230,812	\$ 230,812
Buildings	4,541,111	5,168,238
Automobiles	565,065	577,840
Equipment	2,416,082	2,332,526
Rental property	1,019,299	347,406
	8,772,369	8,656,822
Accumulated depreciation	(4,568,480)	(4,431,746)
	<u>\$ 4,203,889</u>	<u>\$ 4,225,076</u>

During the years ended September 30, 2020 and 2019, the Organization disposed of property which resulted in a gain of \$10,000 and \$26,800, respectively.

Note 6—Investments

Long-term investments, carried at fair value based on quoted prices for similar assets in active markets (all Level 2 measurements – See Note 12), at September 30, 2020 and 2019, consisted of the following:

	2020		2019	
	Cost	Fair Value	Cost	Fair Value
Mutual funds	\$ 778,449	\$ 1,085,574	\$ 799,614	\$ 1,053,883
Total long-term investments	<u>\$ 778,449</u>	<u>\$ 1,085,574</u>	<u>\$ 799,614</u>	<u>\$ 1,053,883</u>

The following summarizes net investment income in the combined statements of activities and changes in net assets for the year ended September 30:

	2020	2019
Interest and dividends	\$ 27,433	\$ 26,403
Net investment gain (loss)	19,025	(5,797)
Total net investment income	<u>\$ 46,458</u>	<u>\$ 20,606</u>

GOLDEN HARVEST FOOD BANK, INC. AND AFFILIATES

NOTES TO THE COMBINED FINANCIAL STATEMENTS

SEPTEMBER 30, 2020 AND 2019

Note 7—Notes payable

The Organization's long-term debt at September 30, 2020 and 2019 consisted of the following:

	<u>2020</u>	<u>2019</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. During the year ended September 30, 2016, the interest rate was reduced to 0.00% and the monthly installment was reduced to \$1,983, 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.	\$ 120,952	\$ 144,746
Note payable to Queensborough National Bank and Trust, due in monthly installments of \$1,787 including interest at 3.95% with the final installment payable in November 2019. During November 2019, the remaining balance of the note was refinanced with an interest rate of 4.59%, due in monthly installments of \$1,339, with the final installment payable in November 2025. The note is secured by equipment, furniture, and fixtures owned by the debtor.	18,199	32,310
Note payable to Queensborough National Bank and Trust, due in monthly installments of \$2,979 including interest at 2.35% with the final installment payable in October 2021. The note is secured by property known as 311 Alliance Parkway, Anderson, South Carolina.	477,480	501,592
Notes payable to Nissan Motor Acceptance Corporation, due in monthly installments of \$1,730 including interest at 0.90% with the final installment payable in December 2023. The notes are secured by the vehicles.	64,775	84,890
Payroll Protection Program loan, due in monthly installments of \$27,490, including interest at 1% with the final installment payable in April 2022.	488,482	-
	1,169,888	763,538
	(82,694)	(81,066)
Less current portion of notes payable		
Total long-term debt	<u>\$ 1,087,194</u>	<u>\$ 682,472</u>

GOLDEN HARVEST FOOD BANK, INC. AND AFFILIATES

NOTES TO THE COMBINED FINANCIAL STATEMENTS

SEPTEMBER 30, 2020 AND 2019

Note 7—Notes payable (continued)

The combined aggregate maturities on the Organization's notes payable as of September 30, 2020 are as follows:

2021	\$	82,694
2022		988,064
2023		44,417
2024		27,251
2025		25,776
Thereafter		1,686
	\$	<u>1,169,888</u>

Total interest paid of \$20,114 and \$18,715 for the years ended September 30, 2020 and 2019, respectively, was expensed and included in the combined statements of activities and changes in net assets as management and general, and program services.

Note 8—Rental income

During the years ended September 30, 2020 and 2019, the Organization leased units within a building to two and three tenants, respectively. These tenants are under month-to-month leases. Monthly rental income was \$8,150 and \$650 for the years ended September 30, 2020 and 2019, respectively.

The cost and accumulated depreciation of rental property is included in property and equipment, net of accumulated depreciation on the combined statements of financial position as of September 30, 2020 and 2019 and consisted of the following:

	2020	2019
Land	\$ 151,045	\$ 151,045
Buildings	868,254	196,361
	<u>1,019,299</u>	<u>347,406</u>
Accumulated depreciation	<u>(131,137)</u>	<u>(57,209)</u>
	<u>\$ 888,162</u>	<u>\$ 290,197</u>

Note 9—Operating leases

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

The Organization leases a building and various equipment under operating leases expiring in fiscal years 2021 through 2023. For the years ended September 30, 2020 and 2019, total lease expense was \$130,170 and \$113,807, respectively.

GOLDEN HARVEST FOOD BANK, INC. AND AFFILIATES

NOTES TO THE COMBINED FINANCIAL STATEMENTS

SEPTEMBER 30, 2020 AND 2019

Note 9—Operating leases (continued)

The following is a schedule by year of future minimum lease payments under operating leases as of September 30, 2020 that have an initial or remaining lease terms in excess of one year:

2021	\$	60,463
2022		25,853
2023		13,282
2024		1,668
2025		278
	\$	<u>101,544</u>

Note 10—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, 2020 and 2019, the Organization made no contributions to the plan.

Note 11—Related party transactions

During the year ended September 30, 2011, Golden Harvest entered into two related party loan agreements with Food Forever related to the purchase of two warehouse locations. At September 30, 2020 and 2019, Golden Harvest was indebted to Food Forever an amount of \$193,428 and \$226,378, respectively, for these related party loan agreements. Due beginning February 1, 2011 are 180 consecutive monthly installments of \$3,274 principal plus interest. Interest is assessed at an initial rate of 3% per annum, provided that every 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 3% or greater than 5%. In the combined financial statements, these amounts and transactions have been eliminated in the combination.

For the years ended September 30, 2020 and 2019, the Organization recorded approximately \$40,000 and \$39,000, respectively, in contributions from the Board of Directors, executive management, and companies related to the Board of Directors.

Note 12—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.

GOLDEN HARVEST FOOD BANK, INC. AND AFFILIATES

NOTES TO THE COMBINED FINANCIAL STATEMENTS

SEPTEMBER 30, 2020 AND 2019

Note 12—Fair value measurements (continued)

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 methodology used for assets measured at fair value:

Investments in Food Forever mutual funds are valued using quoted market prices, for similar assets in active markets.

The preceding method 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, 2020 is as follows:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments:				
Food Forever – Mutual funds	<u>\$ 1,085,574</u>	<u>\$ -</u>	<u>\$ 1,085,574</u>	<u>\$ -</u>

Fair value of assets measured on a recurring basis at September 30, 2019 is as follows:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments:				
Food Forever – Mutual funds	<u>\$ 1,053,883</u>	<u>\$ -</u>	<u>\$ 1,053,883</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 13—Endowment funds

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

The Board of Directors of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act ("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 retains in perpetuity (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 THE COMBINED FINANCIAL STATEMENTS

SEPTEMBER 30, 2020 AND 2019

Note 13—Endowment funds (continued)

Donor-restricted amounts not retained in perpetuity are subject to appropriation 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 consisted of the following at September 30, 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 1,195,433	\$ -	\$ 1,195,433
Total endowed net assets	<u>\$ 1,195,433</u>	<u>\$ -</u>	<u>\$ 1,195,433</u>

Endowment net assets consisted of the following at September 30, 2019:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 1,126,393	\$ -	\$ 1,126,393
Total endowed net assets	<u>\$ 1,126,393</u>	<u>\$ -</u>	<u>\$ 1,126,393</u>

Endowment net assets consisted of the following assets at September 30:

	2020	2019
Cash and cash equivalents - Food Forever Fund	\$ 109,859	\$ 72,510
Investments - Food Forever Fund	1,085,574	1,053,883
	<u>\$ 1,195,433</u>	<u>\$ 1,126,393</u>

GOLDEN HARVEST FOOD BANK, INC. AND AFFILIATES

NOTES TO THE COMBINED FINANCIAL STATEMENTS

SEPTEMBER 30, 2020 AND 2019

Note 13—Endowment funds (continued)

Changes in endowment net assets for the year ended September 30, 2020 were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, October 1, 2019	<u>\$ 1,126,393</u>	<u>\$ -</u>	<u>\$ 1,126,393</u>
Investment Return:			
Investment income	33,024	-	33,024
Net appreciation	<u>3,066</u>	<u>-</u>	<u>3,066</u>
Total investment return	36,090	-	36,090
Contributions	-	-	-
Appropriation of endowment assets for expenditure	-	-	-
Repayments from Golden Harvest	<u>32,950</u>	<u>-</u>	<u>32,950</u>
Endowment net assets, September 30, 2020	<u><u>\$ 1,195,433</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,195,433</u></u>

Changes in endowment net assets for the year ended September 30, 2019 were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, October 1, 2018	<u>\$ 1,123,785</u>	<u>\$ -</u>	<u>\$ 1,123,785</u>
Investment return:			
Investment income	42,536	-	42,536
Net depreciation	<u>(22,577)</u>	<u>-</u>	<u>(22,577)</u>
Total investment return	19,959	-	19,959
Contributions	29,475	-	29,475
Appropriation of endowment assets for expenditure	(87,230)	-	(87,230)
Repayments from Golden Harvest	<u>40,404</u>	<u>-</u>	<u>40,404</u>
Endowment net assets, September 30, 2019	<u><u>\$ 1,126,393</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,126,393</u></u>

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 donor-restricted endowment funds as of September 30, 2020 and 2019.

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.

GOLDEN HARVEST FOOD BANK, INC. AND AFFILIATES

NOTES TO THE COMBINED FINANCIAL STATEMENTS

SEPTEMBER 30, 2020 AND 2019

Note 13—Endowment funds (continued)

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 14—Net assets with donor restrictions

As of September 30, 2020 and 2019, net assets with donor restrictions consisted of \$233,290 and \$267,655, respectively, related to unspent donations designated for the Backpack and Senior Food Box programs.

Note 15—Net assets released from restrictions

During the years ended September 30, 2020 and 2019, net assets were released from restrictions by incurring expenses satisfying the restricted purposes specified by donors related to the Backpack and Senior Food Box programs. Total net assets released from restrictions for the years ended September 30, 2020 and 2019 were \$413,844 and \$489,222, respectively.

Note 16—Liquidity and availability of resources

The Organization's financial assets available for general expenditures that is, without donor or other restrictions limiting their use, within one year of the combined statement of financial position date are as follows:

	2020	2019
Cash and cash equivalents	\$ 4,509,180	\$ 490,074
Accounts receivable, net of allowance	615,795	616,481
	5,124,975	1,106,555
Less board-designated endowment funds - cash	(109,859)	(72,510)
	<u>\$ 5,015,116</u>	<u>\$ 1,034,045</u>

As part of the Organization'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. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities of program services, management and general, and fundraising to be general expenditures. To help manage unanticipated liquidity needs, the Organization has a line of credit in the amount of \$150,000 with \$0- available at September 30, 2020 and 2019, which it could draw upon.

GOLDEN HARVEST FOOD BANK, INC. AND AFFILIATES

NOTES TO THE COMBINED FINANCIAL STATEMENTS

SEPTEMBER 30, 2020 AND 2019

Note 17—Line of credit

The Organization has an operating line of credit with a bank with available credit of \$150,000. The line matures on March 20, 2021. The line of credit bears interest at the Wall Street Journal U.S. prime rate which was 3.25% and 5.00% at September 30, 2020 and 2019, respectively. The line is unsecured. The outstanding balance on the line of credit was \$150,000 as of September 30, 2020 and 2019.

Note 18—Commitment and contingencies

On January 30, 2020, the World Health Organization declared the coronavirus COVID-19 outbreak a “Public Health Emergency of International Concern” and on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of COVID-19 include restrictions on travel, quarantines, or “stay-at-home” restrictions in certain areas and forced closures for certain types of public places and businesses. COVID-19 and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets globally, including the geographical areas in which the Organization operates.

While it is unknown how long these conditions will last and what the complete financial impact will be, the Organization is closely monitoring the impact of the COVID-19 pandemic on all aspects of the business/operations and are unable at this time to predict the continued impact that COVID-19 will have on their business, financial position, and operating results in future periods due to numerous uncertainties.

The Organization received a loan under the Paycheck Protection Program (“PPP”) for an amount of \$488,482, which was established under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and administered by the Small Business Administration (“SBA”). The application for the PPP loan requires the Organization to, in good faith, certify that the current economic uncertainty made the loan request necessary to support the ongoing operation of the Organization. This certification further requires the Organization to take into account our current business activity and our ability to access other sources of liquidity sufficient to support the ongoing operations in a manner that is not significantly detrimental to the business. The receipt of the funds from the PPP loans and the forgiveness of the PPP loans is dependent on the Organization having initially qualified for the PPP loans and qualifying for the forgiveness of such PPP loans based on funds being used for certain expenditures such as payroll costs and rent, as required by the terms of the PPP loans. There is no assurance that the Organization’s obligation under the PPP loan will be forgiven. If the PPP loan is not forgiven, the Organization will need to repay the PPP loan over the applicable repayment period, commencing after the applicable deferral period.

Note 19—Subsequent events

As of February 1, 2021, the Organization sold their building at 311 Alliance Parkway for a gain of approximately \$215,000, and satisfied the related debt disclosed in Note 7.

Management has evaluated subsequent events through October 27, 2021, the date which the combined financial statements were available to be issued. As of this date, other than the above mentioned, there were no additional material subsequent events requiring adjustment to or disclosure in the combined financial statements for the year ended September 30, 2020.

SUPPLEMENTARY INFORMATION

GOLDEN HARVEST FOOD BANK, INC. AND AFFILIATES

COMBINING STATEMENT OF FINANCIAL POSITION

SEPTEMBER 30, 2020

	GHFB	FFF	GSP	Total
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 4,387,336	\$ 109,859	\$ 11,985	\$ 4,509,180
Designated cash	51,654	-	-	51,654
Restricted cash	9,752	-	-	9,752
Accounts receivable, net of allowance	615,795	-	-	615,795
Prepaid expense	31,608	-	995	32,603
Inventories	3,890,698	-	-	3,890,698
Intercompany	(193,428)	193,428	-	-
Total Current Assets	<u>8,793,415</u>	<u>303,287</u>	<u>12,980</u>	<u>9,109,682</u>
Noncurrent Assets:				
Investments	-	1,085,574	-	1,085,574
Property and equipment, net of accumulated depreciation	<u>4,203,889</u>	<u>-</u>	<u>-</u>	<u>4,203,889</u>
Total Noncurrent Assets	<u>4,203,889</u>	<u>1,085,574</u>	<u>-</u>	<u>5,289,463</u>
Total Assets	<u><u>\$ 12,997,304</u></u>	<u><u>\$ 1,388,861</u></u>	<u><u>\$ 12,980</u></u>	<u><u>\$ 14,399,145</u></u>
LIABILITIES AND NET ASSETS				
Current Liabilities:				
Accounts payable	\$ 108,499	\$ -	\$ 7,596	\$ 116,095
Accrued payroll and other liabilities	195,765	-	4,270	200,035
Deferred revenue	101,287	-	-	101,287
Line of credit	150,000	-	-	150,000
Current portion of notes payable	<u>82,694</u>	<u>-</u>	<u>-</u>	<u>82,694</u>
Total Current Liabilities	<u>638,245</u>	<u>-</u>	<u>11,866</u>	<u>650,111</u>
Noncurrent Liabilities:				
Notes payable	<u>1,087,194</u>	<u>-</u>	<u>-</u>	<u>1,087,194</u>
Total Noncurrent Liabilities	<u>1,087,194</u>	<u>-</u>	<u>-</u>	<u>1,087,194</u>
Total Liabilities	<u>1,725,439</u>	<u>-</u>	<u>11,866</u>	<u>1,737,305</u>
Net Assets:				
Without donor restrictions	11,038,575	1,388,861	1,114	12,428,550
With donor restrictions	<u>233,290</u>	<u>-</u>	<u>-</u>	<u>233,290</u>
Total Net Assets	<u>11,271,865</u>	<u>1,388,861</u>	<u>1,114</u>	<u>12,661,840</u>
Total Liabilities and Net Assets	<u><u>\$ 12,997,304</u></u>	<u><u>\$ 1,388,861</u></u>	<u><u>\$ 12,980</u></u>	<u><u>\$ 14,399,145</u></u>

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

YEAR ENDED SEPTEMBER 30, 2020

	GHFB	FFF	GSP	Total
Net Assets Without Donor Restrictions:				
Support and Revenue:				
Support:				
Contributions - food	\$ 24,247,847	\$ -	\$ -	\$ 24,247,847
Contributions - monetary	5,593,161	-	-	5,593,161
Federal, state, and local grants and contracts	2,801,933	-	-	2,801,933
Intercompany	38,659	6,341	(45,000)	-
Net assets released from restrictions	413,844	-	-	413,844
Total Support	33,095,444	6,341	(45,000)	33,056,785
Revenue:				
Purchased food sales and shared maintenance fees	1,201,157	-	-	1,201,157
Agency fees	63,282	-	-	63,282
Rental income	76,800	-	-	76,800
Fundraising events	368,999	-	-	368,999
Net investment income	2,238	44,220	-	46,458
Charges for services - GSP	-	-	71,044	71,044
Miscellaneous	9,363	3,275	-	12,638
Total Revenue	1,721,839	47,495	71,044	1,840,378
Total Support and Revenue Without Donor Restrictions	34,817,283	53,836	26,044	34,897,163
Expenses:				
Program Services	29,068,950	-	-	29,068,950
Supporting Services:				
Management and general	714,056	-	-	714,056
Fundraising - GHFB	877,963	-	-	877,963
Fundraising - FFF	-	17,746	-	17,746
Fundraising - GSP	-	-	74,195	74,195
Total Supporting Services	1,592,019	17,746	74,195	1,683,960
Total Expenses	30,660,969	17,746	74,195	30,752,910
Change in Net Assets Without Donor Restrictions	4,156,314	36,090	(48,151)	4,144,253
Net Assets with Donor Restrictions:				
Contributions for programs	379,479	-	-	379,479
Net assets released from restrictions	(413,844)	-	-	(413,844)
Change in Net Assets With Donor Restrictions	(34,365)	-	-	(34,365)
Change in net assets	4,121,949	36,090	(48,151)	4,109,888
Net assets, beginning of year	7,149,916	1,352,771	49,265	8,551,952
Net assets, end of year	\$ 11,271,865	\$ 1,388,861	\$ 1,114	\$ 12,661,840

GOLDEN HARVEST FOOD BANK, INC. AND AFFILIATES

STATEMENT OF FUNCTIONAL EXPENSES – GOLDEN HARVEST FOOD BANK, INC.

YEAR ENDED SEPTEMBER 30, 2020

	Program Services					
	Augusta Distribution	Augusta Master's Table	Faith Food Factory	Aiken Distribution	Upstate SC Distribution	Direct Service
Food distributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Salaries and payroll expenses	788,141	124,971	50,583	233,522	25,481	-
Payroll taxes	69,724	9,568	3,870	42,127	1,949	-
Fringe benefits	204,198	40,118	35	25,028	6,111	-
Advertising	19,043	-	-	936	936	-
Auto and delivery	49,391	-	-	5,348	255	-
Office and postage	84,682	-	-	6,737	7	11
Job training	740	-	-	-	675	-
Casual labor	13,314	51,354	-	643	-	-
Dues and subscriptions	25,855	-	-	658	-	-
Food purchases	792,182	13,632	-	218,782	65,436	976,256
Freight	10,522	-	-	800	-	-
Insurance	48,153	7,113	14,483	24,523	14,200	-
Interest	6,483	-	-	-	12,881	-
Miscellaneous	13,613	21,432	-	6,548	3,133	-
Professional services	11,327	2,747	-	4,421	-	-
Rental	128,074	-	954	438	704	-
Maintenance	88,580	28,736	9,876	34,934	2,232	-
Fees	25,377	-	-	15,617	955	-
Supplies	87,877	26,855	1,006	4,902	2,594	4,712
Telephone	37,608	3,015	3,407	5,085	4,917	-
Travel	14,329	915	-	2,124	364	44
Utilities	92,787	36,674	8,931	26,479	6,730	-
Events	245	25,763	-	-	-	-
Depreciation	116,198	74,628	7,452	66,996	16,752	-
	<u>2,728,443</u>	<u>467,521</u>	<u>100,597</u>	<u>726,648</u>	<u>166,312</u>	<u>981,023</u>
Gain on disposals of assets	<u>(10,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,718,443</u>	<u>\$ 467,521</u>	<u>\$ 100,597</u>	<u>\$ 726,648</u>	<u>\$ 166,312</u>	<u>\$ 981,023</u>

Food Distributions	Total	Supporting Services			2020 Total
		Management and General	Fundraising - GHFB	Total	
\$ 23,908,406	\$ 23,908,406	\$ -	\$ -	\$ -	\$ 23,908,406
-	1,222,698	499,047	403,732	902,779	2,125,477
-	127,238	38,051	30,872	68,923	196,161
-	275,490	49,283	66,421	115,704	391,194
-	20,915	-	227,899	227,899	248,814
-	54,994	-	-	-	54,994
-	91,437	13	19,097	19,110	110,547
-	1,415	-	827	827	2,242
-	65,311	-	21,926	21,926	87,237
-	26,513	589	5,470	6,059	32,572
-	2,066,288	-	-	-	2,066,288
-	11,322	-	-	-	11,322
-	108,472	19,096	1,518	20,614	129,086
-	19,364	750	-	750	20,114
-	44,726	16,533	3,922	20,455	65,181
-	18,495	80,426	66,237	146,663	165,158
-	130,170	-	-	-	130,170
-	164,358	-	2,646	2,646	167,004
-	41,949	6,250	3,936	10,186	52,135
-	127,946	504	3,120	3,624	131,570
-	54,032	2,552	2,319	4,871	58,903
-	17,776	868	2,478	3,346	21,122
-	171,601	-	-	-	171,601
-	26,008	94	13,575	13,669	39,677
-	282,026	-	1,968	1,968	283,994
23,908,406	29,078,950	714,056	877,963	1,592,019	30,670,969
-	(10,000)	-	-	-	(10,000)
\$ 23,908,406	\$ 29,068,950	\$ 714,056	\$ 877,963	\$ 1,592,019	\$ 30,660,969