

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

COMBINED FINANCIAL STATEMENTS,  
SUPPLEMENTARY INFORMATION,  
AND COMPLIANCE

*As of and for the Years Ended September 30, 2021 and 2020*

*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, 2021 and 2020, 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, 2021 and 2020, 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 February 3, 2023 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.

*Cherry Bekaert LLP*

Augusta, Georgia  
February 3, 2023

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

SEPTEMBER 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 3,328,750	\$ 4,509,180
Designated cash	9,054,009	51,654
Restricted cash	12,127	9,752
Accounts receivable	470,564	615,795
Prepaid expense	51,889	32,603
Inventories	<u>5,023,005</u>	<u>3,890,698</u>
Total Current Assets	<u>17,940,344</u>	<u>9,109,682</u>
Noncurrent Assets:		
Investments	2,132,479	1,085,574
Property and equipment, net of accumulated depreciation	<u>4,505,148</u>	<u>4,203,889</u>
Total Noncurrent Assets	<u>6,637,627</u>	<u>5,289,463</u>
<b>Total Assets</b>	<u><u>\$ 24,577,971</u></u>	<u><u>\$ 14,399,145</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities:		
Accounts payable	\$ 191,906	\$ 116,095
Accrued payroll and other liabilities	257,484	200,035
Deferred revenue	128,760	101,287
Line of credit	-	150,000
Current portion of notes payable	-	82,694
Paycheck Protection Program ("PPP") loan	<u>-</u>	<u>488,482</u>
Total Current Liabilities	<u>578,150</u>	<u>1,138,593</u>
Noncurrent Liabilities:		
Notes payable	<u>-</u>	<u>598,712</u>
Total Noncurrent Liabilities	<u>-</u>	<u>598,712</u>
Total Liabilities	<u>578,150</u>	<u>1,737,305</u>
Net Assets:		
Without donor restrictions	23,790,331	12,428,550
With donor restrictions	<u>209,490</u>	<u>233,290</u>
Total Net Assets	<u>23,999,821</u>	<u>12,661,840</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 24,577,971</u></u>	<u><u>\$ 14,399,145</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, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Net Assets Without Donor Restrictions:		
Support and Revenue:		
Support:		
Contributions - food	\$ 24,711,395	\$ 24,247,847
Contributions - monetary	13,519,560	5,593,161
Federal, state, and local grants and contracts	2,061,706	2,801,933
Net assets released from restrictions	105,646	413,844
Total Support	<u>40,398,307</u>	<u>33,056,785</u>
Revenue:		
Purchased food sales and shared maintenance fees	1,366,488	1,201,157
Agency fees	73,174	63,282
Rental income	35,500	76,800
Fundraising events	242,245	368,999
Net investment income	175,449	46,458
Gain on forgiveness of Paycheck Protection Program loan	488,482	-
Charges for services - Golden Service Providers	-	71,044
Miscellaneous	3,032	12,638
Total Revenue	<u>2,384,370</u>	<u>1,840,378</u>
Total Support and Revenue Without Donor Restrictions	<u>42,782,677</u>	<u>34,897,163</u>
Expenses:		
Program Services	29,702,112	29,068,950
Supporting Services:		
Management and general	712,384	714,056
Fundraising - Golden Harvest Food Bank, Inc.	994,189	877,963
Fundraising - Food Forever Fund	11,973	17,746
Fundraising - Golden Service Providers	238	74,195
Total Supporting Services	<u>1,718,784</u>	<u>1,683,960</u>
Total Expenses	<u>31,420,896</u>	<u>30,752,910</u>
Change in Net Assets Without Donor Restrictions	<u>11,361,781</u>	<u>4,144,253</u>
Net Assets With Donor Restrictions:		
Contributions for programs	81,846	379,479
Net assets released from restrictions	(105,646)	(413,844)
Change in Net Assets With Donor Restrictions	<u>(23,800)</u>	<u>(34,365)</u>
Change in net assets	11,337,981	4,109,888
Net assets, beginning of year	<u>12,661,840</u>	<u>8,551,952</u>
Net assets, end of year	<u>\$ 23,999,821</u>	<u>\$ 12,661,840</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, 2021 AND 2020 (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	816,331	128,822	112,706	274,921	-	-
Payroll taxes	67,541	9,529	8,321	36,834	-	-
Fringe benefits	287,992	35,560	2,472	26,968	29	-
Advertising	63,070	292	1,929	2,196	-	-
Auto and delivery	48,875	-	-	8,201	-	-
Office and postage	112,661	1,303	-	7,800	-	-
Job training	12,252	-	-	-	-	-
Casual labor	51,086	28,607	396	44,183	-	-
Dues and subscriptions	32,492	-	-	681	-	-
Food purchases	1,432,750	26,398	-	186,020	-	740,295
Freight	8,887	-	-	1,375	-	-
Insurance	60,003	8,749	17,007	29,297	14,156	-
Interest	11,770	-	-	-	3,128	-
Miscellaneous	2,212	17,941	395	862	-	-
Professional services	73,191	2,060	304	3,291	-	-
Rental	165,490	-	1,928	421	-	-
Maintenance	117,370	20,622	5,863	42,921	-	-
Fees	20,659	-	-	4,887	-	-
Supplies	70,805	26,347	8,436	7,444	-	-
Telephone	60,616	2,475	4,071	9,603	-	-
Travel	27,377	2,799	-	1,213	-	-
Utilities	106,727	32,335	12,214	25,749	-	-
Events	258	323	-	-	-	-
Depreciation	142,200	72,846	8,752	70,598	2,528	-
Equipment at agencies	137,016	-	-	19,203	-	-
Charitable contributions	8,790	-	-	-	-	-
Income tax expense	-	-	-	-	-	-
	<u>3,938,421</u>	<u>417,008</u>	<u>184,794</u>	<u>804,668</u>	<u>19,841</u>	<u>740,295</u>
Gain on disposal of assets	-	-	-	-	(91,326)	-
	<u>\$ 3,938,421</u>	<u>\$ 417,008</u>	<u>\$ 184,794</u>	<u>\$ 804,668</u>	<u>\$ (71,485)</u>	<u>\$ 740,295</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 (CONTINUED)**

YEARS ENDED SEPTEMBER 30, 2021 AND 2020 (MEMO ONLY)

Food Distributions	Total	Supporting Services			2021 Total	2020 Total (Memo only)	
		Management and General	Fundraising - GHFB	Fundraising - Affiliates			Total
\$ 23,688,411	\$ 23,688,411	\$ -	\$ -	\$ -	\$ -	\$ 23,688,411	\$ 23,908,406
-	1,332,780	528,329	479,763	-	1,008,092	2,340,872	2,125,477
-	122,225	39,114	35,408	-	74,522	196,747	196,432
-	353,021	36,087	58,366	-	94,453	447,474	391,194
-	67,487	-	173,994	-	173,994	241,481	248,814
-	57,076	-	1,945	-	1,945	59,021	54,994
-	121,764	116	15,675	-	15,791	137,555	110,547
-	12,252	-	1,727	-	1,727	13,979	2,242
-	124,272	319	11,273	-	11,592	135,864	87,237
-	33,173	1,673	5,397	-	7,070	40,243	32,572
-	2,385,463	-	-	-	-	2,385,463	2,066,288
-	10,262	-	-	-	-	10,262	11,322
-	129,212	18,433	6,604	-	25,037	154,249	129,086
-	14,898	-	-	-	-	14,898	20,114
-	21,410	6,012	3,662	11,497	21,171	42,581	115,623
-	78,846	72,690	124,243	-	196,933	275,779	196,308
-	167,839	-	340	-	340	168,179	130,170
-	186,776	-	9,819	714	10,533	197,309	167,920
-	25,546	1,615	-	-	1,615	27,161	52,135
-	113,032	66	21,022	-	21,088	134,120	140,144
-	76,765	5,076	8,072	-	13,148	89,913	58,903
-	31,389	2,854	8,124	-	10,978	42,367	21,122
-	177,025	-	1,822	-	1,822	178,847	171,601
-	581	-	25,293	-	25,293	25,874	39,677
-	296,924	-	1,640	-	1,640	298,564	283,994
-	156,219	-	-	-	-	156,219	-
-	8,790	-	-	-	-	8,790	-
-	-	-	-	-	-	-	588
23,688,411	29,793,438	712,384	994,189	12,211	1,718,784	31,512,222	30,762,910
-	(91,326)	-	-	-	-	(91,326)	(10,000)
<u>\$ 23,688,411</u>	<u>\$ 29,702,112</u>	<u>\$ 712,384</u>	<u>\$ 994,189</u>	<u>\$ 12,211</u>	<u>\$ 1,718,784</u>	<u>\$ 31,420,896</u>	<u>\$ 30,752,910</u>

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



**GOLDEN HARVEST FOOD BANK, INC. AND AFFILIATES**  
**COMBINED STATEMENT OF FUNCTIONAL EXPENSES**

YEAR ENDED SEPTEMBER 30, 2020

	Program Services					
	Augusta Distribution	Augusta Master's Table	Faith Food Factory	Aiken Distribution	Upstate SC Distribution	Direct Services
Food donations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
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	-	-	-	-	-	-
	<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.

**GOLDEN HARVEST FOOD BANK, INC. AND AFFILIATES**  
**COMBINED STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)**

YEAR ENDED SEPTEMBER 30, 2020

Food Distributions	Total	Supporting Services			Total	2020 Total
		Management and General	Fundraising - GHFB	Fundraising - Affiliates		
\$ 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	271	69,194	196,432
-	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	50,442	70,897	115,623
-	18,495	80,426	66,237	31,150	177,813	196,308
-	130,170	-	-	-	-	130,170
-	164,358	-	2,646	916	3,562	167,920
-	41,949	6,250	3,936	-	10,186	52,135
-	127,946	504	3,120	8,574	12,198	140,144
-	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
-	-	-	-	588	588	588
<u>23,908,406</u>	<u>29,078,950</u>	<u>714,056</u>	<u>877,963</u>	<u>91,941</u>	<u>1,683,960</u>	<u>30,762,910</u>
-	(10,000)	-	-	-	-	(10,000)
<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>

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 CASH FLOWS**

YEARS ENDED SEPTEMBER 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 11,337,981	\$ 4,109,888
Adjustment to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	298,564	283,994
Net unrealized and realized gain on investments	(131,026)	(3,067)
Gain on disposal of assets	(91,326)	(10,000)
Gain on Payroll Protection Program loan	(488,482)	-
Decrease in accounts receivable	145,231	686
Increase in prepaid expenses	(19,286)	(18,934)
Increase in inventories	(1,132,307)	(469,304)
Increase in accounts payable	75,811	36,401
Increase in accrued payroll and other liabilities	57,449	27,470
Increase (decrease) in deferred revenue	27,473	(7,314)
Net cash flows from operating activities	<u>10,080,082</u>	<u>3,949,820</u>
<b>Cash flows from investing activities:</b>		
Purchase of property and equipment	(599,823)	(262,807)
Proceeds from disposal of assets	91,326	10,000
Purchase of long-term investments	(915,879)	(28,624)
Net cash flows from investing activities	<u>(1,424,376)</u>	<u>(281,431)</u>
<b>Cash flows from financing activities:</b>		
Net change in line of credit	(150,000)	-
Principal payments on long-term notes payable	(681,406)	(82,132)
Proceeds from Paycheck Protection Program loan	-	488,482
Net cash flows from financing activities	<u>(831,406)</u>	<u>406,350</u>
Net change in cash, cash equivalents, designated cash, and restricted cash	7,824,300	4,074,739
Cash, cash equivalents, designated cash, and restricted cash, beginning of year	<u>4,570,586</u>	<u>495,847</u>
Cash, cash equivalents, designated cash, and restricted cash, end of year	<u>\$ 12,394,886</u>	<u>\$ 4,570,586</u>
<b>Supplemental information:</b>		
Taxes paid	<u>\$ -</u>	<u>\$ 296</u>
Interest paid	<u>\$ 14,898</u>	<u>\$ 20,114</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, 2021 AND 2020

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### 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, 2021 and 2020, approximately 40% and 41%, respectively, of revenue and support without donor restrictions was obtained from one federal agency. During the year ended September 30, 2021, the Organization received approximately 21% of revenue and support without donor restrictions from a single individual.

*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.

*New Accounting Pronouncement* - In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2014-09, *Revenue from Contracts with Customers*. ASU 2014-09, along with all subsequent amendments to the ASU (collectively, “ASC 606”), creates a single framework for recognizing revenue from contracts with customers that fall within its scope of exchange transactions. There were no material impacts to the combined financial statements and underlying accounting as a result of this implementation, which has been applied retrospectively to the 2020 combined financial statements.

# GOLDEN HARVEST FOOD BANK, INC. AND AFFILIATES

## NOTES TO THE COMBINED FINANCIAL STATEMENTS

SEPTEMBER 30, 2021 AND 2020

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

*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.

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 the Organization continues to satisfy the requirements of a tax-exempt organization and, therefore, had no uncertain income tax positions at September 30, 2021 or 2020. 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.

*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.

# GOLDEN HARVEST FOOD BANK, INC. AND AFFILIATES

## NOTES TO THE COMBINED FINANCIAL STATEMENTS

SEPTEMBER 30, 2021 AND 2020

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

*Advertising Costs* – Advertising costs are expensed as incurred. These costs totaled \$241,481 and \$248,814 during the years ended September 30, 2021 and 2020, respectively.

*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, 2021, the Organization had \$11,697,963 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, 2021 AND 2020

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

In September 2020, FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958) – Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The amendments in this ASU are intended to improve financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets, including additional disclosure requirements for recognized contributed services. This standard will be effective for the calendar 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.

### Note 2—Cash designations and restrictions

At September 30, 2021 and 2020, designated and restricted cash included the following restricted funds:

Management designated funds of \$9,054,009 and \$51,654, respectively – Management voluntarily set aside this cash as an operating reserve.

Federal Emergency Management Agency (“FEMA”) restricted funds of \$12,127 and \$9,752, 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 15 for board-designated endowment funds.

### Note 3—Accounts receivable

At September 30, 2021 and 2020, accounts receivable balances consisted of the following:

	<u>2021</u>	<u>2020</u>
Agency receivables	\$ 69,378	\$ 13,175
Grants receivable	401,186	602,620
Total accounts receivable	<u>\$ 470,564</u>	<u>\$ 615,795</u>

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. Management’s estimated allowance for doubtful accounts was \$-0- at both September 30, 2021 and 2020.

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

SEPTEMBER 30, 2021 AND 2020

**Note 4—Inventories**

At September 30, 2021 and 2020, inventories consisted of the following:

	<u>2021</u>	<u>2020</u>
Donated USDA food	\$ 4,017,368	\$ 2,761,755
Donated - other	197,465	267,724
Donated - non-food	30,036	274,037
Purchased	778,136	587,182
	<u>\$ 5,023,005</u>	<u>\$ 3,890,698</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, 2021 and 2020, the approximate wholesale value of one pound of donated food was \$1.70 and \$1.49, respectively. At September 30, 2021 and 2020, the approximate wholesale value of one pound of donated non-food was \$5.09 and \$11.71, respectively. Purchased items are recorded at cost, which approximates market.

**Note 5—Property and equipment**

At September 30, 2021 and 2020, property and equipment consisted of the following:

	<u>2021</u>	<u>2020</u>
Land	\$ 230,812	\$ 230,812
Buildings	5,335,092	4,541,111
Automobiles	727,744	565,065
Equipment	2,651,814	2,416,082
Rental property	347,406	1,019,299
	9,292,868	8,772,369
Accumulated depreciation	<u>(4,787,720)</u>	<u>(4,568,480)</u>
	<u>\$ 4,505,148</u>	<u>\$ 4,203,889</u>

During the years ended September 30, 2021 and 2020, the Organization disposed of property which resulted in a gain of \$91,326 and \$10,000 respectively.



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

SEPTEMBER 30, 2021 AND 2020

**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 14), at September 30, consisted of the following:

	2021		2020	
	Cost	Fair Value	Cost	Fair Value
Mutual funds	\$ 1,446,081	\$ 1,577,852	\$ 778,449	\$ 1,085,574
Alternative mutual funds	537,156	554,627	-	-
Total long-term investments	<u>\$ 1,983,237</u>	<u>\$ 2,132,479</u>	<u>\$ 778,449</u>	<u>\$ 1,085,574</u>

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

	2021	2020
Interest and dividends	\$ 26,632	\$ 27,433
Net investment gain	148,817	19,025
Total net investment income	<u>\$ 175,449</u>	<u>\$ 46,458</u>

**Note 7—Line of credit**

The Organization had an unsecured operating line of credit with a bank with available credit of \$150,000. The line matured on March 20, 2021 and was not renewed. The line of credit bore interest at the Wall Street Journal U.S. prime rate which was 3.25% at September 30, 2020. The outstanding balance on the line of credit was \$0- and \$150,000 as of September 30, 2021 and 2020, respectively.

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**Note 8—Paycheck Protection Program loan**

On April 28, 2020, the Company received a Paycheck Protection Program (“PPP”) loan of \$488,482 granted by the Small Business Administration (“SBA”) under the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”). The PPP provides loans to qualifying businesses for amounts up to 2.5 times the average monthly payroll expense of the qualifying business. The PPP loan and accrued interest are forgivable after 24 weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent, and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates its employees or reduces salaries during the eight-week period. The Company selected ASC 470 as the applicable standard. The note bears interest at 1% per annum and no payments of principal and interest are due until the earlier of official loan forgiveness from the SBA or 10 months after the end of the covered period of the CARES Act (“Deferment Period”). Management’s application for forgiveness was approved by the SBA and bank in August 2021. The Company recognized \$488,482 in gain on forgiveness of Paycheck Protection Program loan as a result of the debt extinguishment during the year ended September 30, 2021.

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

SEPTEMBER 30, 2021 AND 2020

**Note 9—Notes payable**

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

	<u>2021</u>	<u>2020</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
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
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
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
	-	681,406
Less current portion of notes payable	-	(82,694)
Total long-term debt	<u>\$ -</u>	<u>\$ 598,712</u>

\*The Company sold their building at 311 Alliance Parkway for a gain during the year ended September 30, 2021 and satisfied the debt agreement noted above.

\*\*The Company used their surplus of cash from the gain on the sale of assets and increase in cash contributions during the year ended September 30, 2021, to satisfy all remaining debt agreements noted above.

Total interest paid of \$14,898 and \$20,114 for the years ended September 30, 2021 and 2020, respectively, was expensed and included in the combined statements of activities and changes in net assets as management and general, and program services.

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

SEPTEMBER 30, 2021 AND 2020

**Note 10—Rental income**

During the years ended September 30, 2021 and 2020, the Organization leased units within buildings to three tenants, respectively. These tenants were under month-to-month leases that all ended during the year ended September 30, 2021. Monthly rental income varied from \$400 to \$8,150 for the years ended September 30, 2021 and 2020, 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 and consisted of the following:

	<u>2021</u>	<u>2020</u>
Land	\$ 151,045	\$ 151,045
Buildings	196,361	868,254
	347,406	1,019,299
Accumulated depreciation	<u>(69,438)</u>	<u>(131,137)</u>
	<u>\$ 277,968</u>	<u>\$ 888,162</u>

**Note 11—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 2022 through 2025. For the years ended September 30, 2021 and 2020, total lease expense was \$168,179 and \$130,170, respectively.

The following is a schedule by year of future minimum lease payments under operating leases as of September 30, 2021 that have an initial or remaining lease terms in excess of one year:

2022	\$ 25,853
2023	14,155
2024	1,668
2025	278
	<u>\$ 41,954</u>

**Note 12—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, 2021 and 2020, the Organization made no contributions to the plan.

# GOLDEN HARVEST FOOD BANK, INC. AND AFFILIATES

## NOTES TO THE COMBINED FINANCIAL STATEMENTS

SEPTEMBER 30, 2021 AND 2020

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### Note 13—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. 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. During the year ended September 30, 2021, Golden Harvest satisfied their loans with Food Forever Fund early. At September 30, 2020, Golden Harvest was indebted to Food Forever an amount of \$193,428 for these related party loan agreements.

For the years ended September 30, 2021 and 2020, the Organization recorded approximately \$11,000 and \$40,000, respectively, in contributions from the Board of Directors, executive management, and companies related to the Board of Directors.

### 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's 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.

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

SEPTEMBER 30, 2021 AND 2020

**Note 14—Fair value measurements (continued)**

Fair value of assets measured on a recurring basis at September 30, 2021 is as follows:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments:				
Food Forever – mutual funds	\$ 1,577,852	\$ -	\$ 1,577,852	\$ -
Food Forever – alternative mutual funds	554,627	-	554,627	-
	<u>\$ 2,132,479</u>	<u>\$ -</u>	<u>\$ 2,132,479</u>	<u>\$ -</u>

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>

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-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.

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

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

SEPTEMBER 30, 2021 AND 2020

**Note 15—Endowment funds (continued)**

Endowment net assets consisted of the following at September 30, 2021:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Board-designated endowment funds	\$ 2,847,067	\$ -	\$ 2,847,067
Total endowed net assets	<u>\$ 2,847,067</u>	<u>\$ -</u>	<u>\$ 2,847,067</u>

Endowment net assets consisted of the following at September 30, 2020:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
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 assets at September 30:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents - Food Forever Fund	\$ 714,588	\$ 109,859
Investments - Food Forever Fund	2,132,479	1,085,574
	<u>\$ 2,847,067</u>	<u>\$ 1,195,433</u>

Changes in endowment net assets for the year ended September 30, 2021 were as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, October 1, 2020	\$ 1,195,433	\$ -	\$ 1,195,433
Investment Return:			
Investment income	27,180	-	27,180
Net appreciation	131,026	-	131,026
Total investment return	158,206	-	158,206
Contributions	25,000	-	25,000
Board designated Contributions	1,300,000	-	1,300,000
Repayments from Golden Harvest	168,428	-	168,428
Endowment net assets, September 30, 2021	<u>\$ 2,847,067</u>	<u>\$ -</u>	<u>\$ 2,847,067</u>

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

SEPTEMBER 30, 2021 AND 2020

**Note 15—Endowment funds (continued)**

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

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, October 1, 2019	\$ 1,126,393	\$ -	\$ 1,126,393
Investment return:			
Investment income	33,024	-	33,024
Net appreciation	3,066	-	3,066
Total investment return	36,090	-	36,090
Repayments from Golden Harvest	32,950	-	32,950
Endowment net assets, September 30, 2020	<u>\$ 1,195,433</u>	<u>\$ -</u>	<u>\$ 1,195,433</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, 2021 or 2020.

*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 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—Net assets with donor restrictions**

As of September 30, 2021 and 2020, net assets with donor restrictions consisted of \$209,490 and \$233,290, respectively, related to unspent donations designated for the Backpack and Senior Food Box programs.

# GOLDEN HARVEST FOOD BANK, INC. AND AFFILIATES

## NOTES TO THE COMBINED FINANCIAL STATEMENTS

SEPTEMBER 30, 2021 AND 2020

### Note 17—Net assets released from restrictions

During the years ended September 30, 2021 and 2020, 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, 2021 and 2020 were \$105,646 and \$413,844, respectively.

### Note 18—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:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 3,328,750	\$ 4,509,180
Accounts receivable	470,564	615,795
	3,799,314	5,124,975
Less board-designated endowment funds - cash	<u>(714,588)</u>	<u>(109,859)</u>
	<u>\$ 3,084,726</u>	<u>\$ 5,015,116</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, 2021 and 2020, which it could draw upon.

### Note 19—Risks and uncertainties/ COVID-19 pandemic

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 COVID-19 will have on their business, financial position, and operating results in future periods due to numerous uncertainties.

### Note 20—Subsequent events

Management has evaluated subsequent events through February 3, 2023, the date which the combined financial statements were available to be issued. As of this date, there were no additional material subsequent events requiring adjustment to or disclosure in the combined financial statements for the year ended September 30, 2021.



## **SUPPLEMENTARY INFORMATION**

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

SEPTEMBER 30, 2021

	<u>GHFB</u>	<u>FFF</u>	<u>GSP</u>	<u>Total</u>
<b>ASSETS</b>				
Current Assets:				
Cash and cash equivalents	\$ 2,613,286	\$ 714,588	\$ 876	\$ 3,328,750
Designated cash	9,054,009	-	-	9,054,009
Restricted cash	12,127	-	-	12,127
Accounts receivable	470,564	-	-	470,564
Prepaid expense	51,889	-	-	51,889
Inventories	5,023,005	-	-	5,023,005
Intercompany	(25,000)	25,000	-	-
Total Current Assets	<u>17,199,880</u>	<u>739,588</u>	<u>876</u>	<u>17,940,344</u>
Noncurrent Assets:				
Investments	-	2,132,479	-	2,132,479
Property and equipment, net of accumulated depreciation	4,505,148	-	-	4,505,148
Total Noncurrent Assets	<u>4,505,148</u>	<u>2,132,479</u>	<u>-</u>	<u>6,637,627</u>
<b>Total Assets</b>	<u><u>\$21,705,028</u></u>	<u><u>\$ 2,872,067</u></u>	<u><u>\$ 876</u></u>	<u><u>\$24,577,971</u></u>
<b>LIABILITIES AND NET ASSETS</b>				
Current Liabilities:				
Accounts payable	\$ 191,906	\$ -	\$ -	\$ 191,906
Accrued payroll and other liabilities	257,484	-	-	257,484
Deferred revenue	128,760	-	-	128,760
Total Current Liabilities	<u>578,150</u>	<u>-</u>	<u>-</u>	<u>578,150</u>
Net Assets:				
Without donor restrictions	20,917,388	2,872,067	876	23,790,331
With donor restrictions	209,490	-	-	209,490
Total Net Assets	<u>21,126,878</u>	<u>2,872,067</u>	<u>876</u>	<u>23,999,821</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$21,705,028</u></u>	<u><u>\$ 2,872,067</u></u>	<u><u>\$ 876</u></u>	<u><u>\$24,577,971</u></u>

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

YEAR ENDED SEPTEMBER 30, 2021

	<u>GHFB</u>	<u>FFF</u>	<u>GSP</u>	<u>Total</u>
Net Assets Without Donor Restrictions:				
Support and Revenue:				
Support:				
Contributions - food	\$24,711,395	\$ -	\$ -	\$24,711,395
Contributions - monetary	13,494,560	25,000	-	13,519,560
Federal, state, and local grants and contracts	2,061,706	-	-	2,061,706
Intercompany	(1,300,000)	1,300,000	-	-
Net assets released from restrictions	105,646	-	-	105,646
Total Support	<u>39,073,307</u>	<u>1,325,000</u>	<u>-</u>	<u>40,398,307</u>
Revenue:				
Purchased food sales and shared maintenance fees	1,366,488	-	-	1,366,488
Agency fees	73,174	-	-	73,174
Rental income	35,500	-	-	35,500
Fundraising events	242,245	-	-	242,245
Net investment income	5,270	170,179	-	175,449
Gain on forgiveness of Paycheck Protection Program loan	488,482	-	-	488,482
Miscellaneous	3,032	-	-	3,032
Total Revenue	<u>2,214,191</u>	<u>170,179</u>	<u>-</u>	<u>2,384,370</u>
Total Support and Revenue Without Donor Restrictions	<u>41,287,498</u>	<u>1,495,179</u>	<u>-</u>	<u>42,782,677</u>
Expenses:				
Program Services	29,702,112	-	-	29,702,112
Supporting Services:				
Management and general	712,384	-	-	712,384
Fundraising - GHFB	994,189	-	-	994,189
Fundraising - FFF	-	11,973	-	11,973
Fundraising - GSP	-	-	238	238
Total Supporting Services	<u>1,706,573</u>	<u>11,973</u>	<u>238</u>	<u>1,718,784</u>
Total Expenses	<u>31,408,685</u>	<u>11,973</u>	<u>238</u>	<u>31,420,896</u>
Change in Net Assets Without Donor Restrictions	<u>9,878,813</u>	<u>1,483,206</u>	<u>(238)</u>	<u>11,361,781</u>
Net Assets with Donor Restrictions:				
Contributions for programs	81,846	-	-	81,846
Net assets released from restrictions	(105,646)	-	-	(105,646)
Change in Net Assets With Donor Restrictions	<u>(23,800)</u>	<u>-</u>	<u>-</u>	<u>(23,800)</u>
Change in net assets	9,855,013	1,483,206	(238)	11,337,981
Net assets, beginning of year	<u>11,271,865</u>	<u>1,388,861</u>	<u>1,114</u>	<u>12,661,840</u>
Net assets, end of year	<u>\$21,126,878</u>	<u>\$ 2,872,067</u>	<u>\$ 876</u>	<u>\$23,999,821</u>

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

YEAR ENDED SEPTEMBER 30, 2021

	Program Services					
	Augusta Distribution	Augusta Master's Table	Faith Food Factory	Aiken Distribution	Upstate SC Distribution	Direct Service
Food distributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Salaries and payroll expenses	816,331	128,822	112,706	274,921	-	-
Payroll taxes	67,541	9,529	8,321	36,834	-	-
Fringe benefits	287,992	35,560	2,472	26,968	29	-
Advertising	63,070	292	1,929	2,196	-	-
Auto and delivery	48,875	-	-	8,201	-	-
Office and postage	112,661	1,303	-	7,800	-	-
Job training	12,252	-	-	-	-	-
Casual labor	51,086	28,607	396	44,183	-	-
Dues and subscriptions	32,492	-	-	681	-	-
Food purchases	1,432,750	26,398	-	186,020	-	740,295
Freight	8,887	-	-	1,375	-	-
Insurance	60,003	8,749	17,007	29,297	14,156	-
Interest	11,637	-	-	133	3,128	-
Miscellaneous	2,212	17,941	395	862	-	-
Professional services	73,191	2,060	304	3,291	-	-
Rental	165,490	-	1,928	421	-	-
Maintenance	117,370	20,622	5,863	42,921	-	-
Fees	20,659	-	-	4,887	-	-
Supplies	70,805	26,347	8,436	7,444	-	-
Telephone	60,616	2,475	4,071	9,603	-	-
Travel	27,377	2,799	-	1,213	-	-
Utilities	106,727	32,335	12,214	25,749	-	-
Events	258	143	-	-	-	180
Depreciation	142,200	72,846	8,752	70,598	2,528	-
Equipment at agencies	137,016	-	-	19,203	-	-
Contributions made	8,790	-	-	-	-	-
	<u>3,938,288</u>	<u>416,828</u>	<u>184,794</u>	<u>804,801</u>	<u>19,841</u>	<u>740,475</u>
Gain on disposals of assets	-	-	-	-	(91,326)	-
	<u>\$ 3,938,288</u>	<u>\$ 416,828</u>	<u>\$ 184,794</u>	<u>\$ 804,801</u>	<u>\$ (71,485)</u>	<u>\$ 740,475</u>

**GOLDEN HARVEST FOOD BANK, INC. AND AFFILIATES**  
**STATEMENT OF FUNCTIONAL EXPENSES – GOLDEN HARVEST FOOD BANK, INC.**  
**(CONTINUED)**

YEAR ENDED SEPTEMBER 30, 2021

Food Distributions	Total	Supporting Services			2021 Total
		Management and General	Fundraising - GHFB	Total	
\$ 23,688,411	\$ 23,688,411	\$ -	\$ -	\$ -	\$ 23,688,411
-	1,332,780	528,329	479,763	1,008,092	2,340,872
-	122,225	39,114	35,408	74,522	196,747
-	353,021	36,087	58,366	94,453	447,474
-	67,487	-	173,994	173,994	241,481
-	57,076	-	1,945	1,945	59,021
-	121,764	116	15,675	15,791	137,555
-	12,252	-	1,727	1,727	13,979
-	124,272	319	11,273	11,592	135,864
-	33,173	1,673	5,397	7,070	40,243
-	2,385,463	-	-	-	2,385,463
-	10,262	-	-	-	10,262
-	129,212	18,433	6,604	25,037	154,249
-	14,898	-	-	-	14,898
-	21,410	6,012	3,662	9,674	31,084
-	78,846	72,690	124,243	196,933	275,779
-	167,839	-	340	340	168,179
-	186,776	-	9,819	9,819	196,595
-	25,546	1,615	-	1,615	27,161
-	113,032	66	21,022	21,088	134,120
-	76,765	5,076	8,072	13,148	89,913
-	31,389	2,854	8,124	10,978	42,367
-	177,025	-	1,822	1,822	178,847
-	581	-	25,293	25,293	25,874
-	296,924	-	1,640	1,640	298,564
-	156,219	-	-	-	156,219
-	8,790	-	-	-	8,790
<u>23,688,411</u>	<u>29,793,438</u>	<u>712,384</u>	<u>994,189</u>	<u>1,706,573</u>	<u>31,500,011</u>
-	(91,326)	-	-	-	(91,326)
<u>\$ 23,688,411</u>	<u>\$ 29,702,112</u>	<u>\$ 712,384</u>	<u>\$ 994,189</u>	<u>\$ 1,706,573</u>	<u>\$ 31,408,685</u>

## **COMPLIANCE**

**Report of Independent Auditor 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, 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 of the United States, the combined financial statements of Golden Harvest Food Bank, Inc. and Affiliates (the “Organization”), a nonprofit organization, which comprise the combined statements of financial position as of September 30, 2021 and 2020, 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, and have issued our report thereon dated February 3, 2023.

**Internal Control over Financial Reporting**

In planning and performing our audit of the combined financial statements, we considered the Organization’s internal control over financial reporting (“internal control”) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the combined financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization’s internal control.

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings in relation to the audit of the financial statements as item 2021-004 that we consider to be a significant deficiency.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization's combined financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the combined financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as 2021-001, 2021-002, 2021-003.

### **The Organization's Response to Findings**

The Organization's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Cherry Bekaert LLP*

Augusta, Georgia  
February 3, 2023



**GOLDEN HARVEST FOOD BANK, INC. AND AFFILIATES**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

YEAR ENDED SEPTEMBER 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA #	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U.S. Dept. of Agriculture</b>			
<b>Food Distribution Cluster</b>			
<b>Commodity Supplemental Food Program (CSFP)</b>			
<b>Pass-through program from:</b>			
SC Dept. of Agriculture			
CSFP (Admin costs)	10.565	FY2021	\$ 6,480
CSFP (Food commodities)	10.565	FY2021	468,986
<b>Total CFDA #10.565</b>			<u>475,466</u>
<b>Emergency Food Assistance Program (TEFAP)</b>			
<b>Administrative Costs</b>			
<b>Pass-through program from:</b>			
Georgia Dept. of Human Services	10.568	42700-040-0000097196	418,119
SC Dept. of Agriculture	10.568	FY2021	234,438
<b>Total CFDA #10.568</b>			<u>652,557</u>
<b>Food Commodities</b>			
<b>Pass-through program from:</b>			
Georgia Dept. of Human Services	10.569	42700-040-0000089361	8,463,414
SC Dept. of Agriculture	10.569	FY 2021	6,681,136
<b>Total CFDA #10.569</b>			<u>15,144,550</u>
<b>Total Food Distribution Cluster</b>			<u>16,272,573</u>
<b>SNAP Cluster</b>			

**GOLDEN HARVEST FOOD BANK, INC. AND AFFILIATES**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)**

YEAR ENDED SEPTEMBER 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA #	Pass-Through Entity Identifying Number	Federal Expenditures	Passed Through to Subrecipients
<b>SNAP Cluster</b>				
<b>State Administrative Matching Grants for the Supplemental Nutrition Assistance Program</b>				
<b>Pass-through program from:</b>				
Georgia Dept. of Human Services	10.561	42700-040-0000088462	24,492	
SC Thrive	10.561	4400025176	<u>16,929</u>	
<b>Total CFDA #10.561</b>			<u>41,421</u>	
<b>Total SNAP Cluster</b>			<u>41,421</u>	
<b>Total U.S. Dept. of Agriculture</b>			<u>16,313,994</u>	
<b>U.S. Dept. of Health and Human Services</b>				
<b>Aging Cluster</b>				
<b>Pass-through program from:</b>				
Central Savannah River Area Regional Development Center				
<b>Special Programs for the Aging, Title III Part B, Grants for Supportive Services and Senior Centers</b>	93.044	19-08-032	<u>161,689</u>	
<b>Total Aging Cluster</b>			<u>161,689</u>	
<b>TANF Cluster</b>				
<b>Temporary Assistance for Needy Families (TANF)</b>				
<b>Pass-through program from:</b>				
Atlanta Community Food Bank	93.558	42700-040-0000073817	<u>1,113,922</u>	<u>\$ 1,113,922</u>
<b>Total TANF Cluster</b>			<u>1,113,922</u>	
<b>Total U.S. Dept. of Health and Human Services</b>			<u>1,275,611</u>	
<b>Federal Emergency Management Agency</b>				
<b>Emergency Food and Shelter National Board Program</b>				
<b>Pass-through program from:</b>				
Aiken County	97.024	737200-003	<u>1,534</u>	
<b>Total CFDA #97.024</b>			<u>1,534</u>	<u>1,534</u>
<b>Total Federal Emergency Management Agency</b>			<u>1,534</u>	
<b>Total Expenditures of Federal Awards</b>			<u>\$ 17,591,139</u>	<u>\$ 16,728,992</u>

**GOLDEN HARVEST FOOD BANK, INC. AND AFFILIATES**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

YEAR ENDED SEPTEMBER 30, 2021

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**Note 1—Basis of presentation**

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of Golden Harvest Food Bank, Inc. and Affiliates (the “Organization”) under programs of the federal government for the year ended September 30, 2021. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (“Uniform Guidance”). The value of food commodities received (support) and distributed (expense) is based on values as published by the granting agency. Such commodities are valued in the combined financial statements at a value provided by Feeding America. Because the schedule presents only a selected portion of the operations of the Organization, it is not intended to, and does not, present either the financial position, changes in net assets, or cash flows of the Organization.

**Note 2—Summary of significant accounting policies**

Expenditures reported on the schedule are prepared on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

**Note 3—Indirect cost rate**

The Organization has elected not to use the 10% de minimis indirect cost rate allowed under Uniform Guidance.

**Note 4—Noncash awards**

Food commodities are expended when distributed to agencies. The Organization distributed \$15,613,536 in noncash federal awards during the year ended September 30, 2021.

**Note 5—Contingencies**

These award programs are subject to financial and compliance audits by grantor agencies. The amount, if any, of expenditures that may be disallowed by the grantor agencies cannot be determined at this time, although the Organization expects such amounts, if any, to be immaterial.

## **Report of Independent Auditor on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance**

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

### **Report on Compliance for Each Major Federal Program**

We have audited Golden Harvest Food Bank, Inc. and Affiliates' (the "Organization") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended September 30, 2021. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### **Opinion on Each Major Federal Program**

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2021.

### **Report on Internal Control over Compliance**

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2021-001, 2021-002, and 2021-003, that we consider to be significant deficiencies.

The Organization's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Cherry Bekaert LLP*

Augusta, Georgia  
February 3, 2023

**GOLDEN HARVEST FOOD BANK, INC. AND AFFILIATES**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

YEAR ENDED SEPTEMBER 30, 2021

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**Section I. Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued:			Unmodified
Internal control over financial reporting:			
• Material weakness(es) identified?	<u>    </u>	yes	<u>  X  </u> no
• Significant deficiency(ies) identified?	<u>  X  </u>	yes	<u>    </u> none reported
Noncompliance material to financial statements noted?	<u>    </u>	yes	<u>  X  </u> no

**Federal Awards**

Internal control over major federal programs:			
Material weakness(es) identified?	<u>    </u>	yes	<u>  X  </u> no
Significant deficiency(ies) identified?	<u>  X  </u>	yes	<u>    </u> none reported
Type of auditor's report issued on compliance for major programs:			Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2CFR Section 200.516(a) of the Uniform Guidance	<u>  X  </u>	yes	<u>    </u> no

**Identification of Major Programs**

The programs tested as major programs of Golden Harvest Food Bank, Inc. and Affiliates included:

<u>CFDA #</u>	<u>Name of Federal Program</u>
10.565, 10.568, 10.569	Food Distribution Cluster
93.558	Temporary Assistance for Needy Families

The dollar threshold for Type A programs was \$750,000.

The Organization does not qualify as a low-risk auditee.

**GOLDEN HARVEST FOOD BANK, INC. AND AFFILIATES**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

*YEAR ENDED SEPTEMBER 30, 2021*

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**Section II. Findings in Relation to the Audit of the Financial Statements**

**Finding 2021-004**

**Criteria:**

Management is responsible for preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Golden Harvest Food Bank, Inc. and Affiliates (the "Organization") did not prepare its combined financial statements for the year ended September 30, 2021. In connection with the preparing the financial statements, the Organization also required certain adjustments in order for the combined financial statements to comply with accounting principles generally accepted in the United States of America.

**Condition:**

In accordance with management's request, we drafted the Organization's combined financial statements for the year ended September 30, 2021. We also proposed significant adjustments to the internal financial statements in order for the combined financial statements to be in accordance with accounting principles generally accepted in the United States of America.

**Cause:**

The Organization does not employ an individual with the financial statement expertise which would allow the Organization to internally prepare its combined financial statements in accordance with accounting principles generally accepted in the United States of America. Historically, due to the cost-benefit analysis made by management of internal controls over financial reporting, the Organization has engaged its auditor to assist in the conversion to accounting principles generally accepted in the United States of America basis and combined financial statement preparation.

**Effects:**

Without the expertise to draft the annual combined financial statements and prepare year-end adjusting journal entries, combined financial statements could be issued that were materially misstated.

**Recommendation:**

We recommend management consider the cost-benefit analysis of the preparation of its combined financial statements in accordance with accounting principles generally accepted in the United States of America.

**Management's Response:**

Management concurs with this finding.

**GOLDEN HARVEST FOOD BANK, INC. AND AFFILIATES**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

YEAR ENDED SEPTEMBER 30, 2021

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**Section III. Federal Awards Findings and Questioned Costs**

**Finding 2021-001**

Federal Agency: Department of Agriculture  
Federal Program: Food Distribution Cluster  
CFDA: #10.565, 10.568, 10.569  
Compliance Requirement: Eligibility for Subrecipients  
Type of Finding: Significant Deficiency in Internal Controls over Compliance  
Repeat Finding: Yes – 2020-001

**Criteria:**

7 CFR §251.3(d) and §251.5(a) – Eligibility for Subrecipients

Prior to making commodities available, eligible recipient agencies to which the state agency has delegated responsibility for the distribution of The Emergency Food Assistance Program (“TEFAP”) commodities must ensure that an organization applying for participation in the program meets the definition of an “eligible recipient agency”. An eligible recipient agency means an organization which is either public, or is private, possessing tax exempt status. Private organizations possessing tax exempt status must (i) be currently operating another federal program requiring tax-exempt status under the Internal Revenue Code (“IRC”), or (ii) possess documentation from the Internal Revenue Service (“IRS”) recognizing tax-exempt status under the IRC, or (iii) if not in possession of such documentation, be automatically tax exempt as “organized or operated exclusively for religious purposes” under the IRC.

**Condition:**

From a sample of forty (40) agencies who distributed TEFAP or Commodity Supplemental Food Program (“CSFP”) products during the fiscal year, the following exceptions were noted:

- One (1) CSFP agreement was signed after the agency received their first distribution of CSFP products.
- One (1) agency did not have a FY20-21 TEFAP agreement on file.

**Question Costs:**

N/A

**Context:**

The Organization has a policy whereby an agency’s eligibility status is checked by either reviewing the IRS website to ensure an entity’s tax-exempt status, or obtaining documentation from an entity verifying the entity is automatically tax-exempt by being an organization organized or operated exclusively for religious purposes. Both entities in question were noted as churches.

**Cause:**

Controls were not in place to ensure eligibility status is documented and filed with the subrecipient’s file prior to distribution.

**Effects:**

Ineligible subrecipients may receive TEFAP or CSFP products.



**GOLDEN HARVEST FOOD BANK, INC. AND AFFILIATES**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

*YEAR ENDED SEPTEMBER 30, 2021*

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**Recommendations:**

We recommend controls be strengthened to ensure eligibility status is confirmed and support is maintained verifying a subrecipient is eligible to receive TEFAP or CSFP products each year during recertification and when new subrecipients are added during the year. In order for a subrecipient to be eligible to receive TEFAP or CSFP products, the subrecipient must be tagged as such in the inventory system. We recommend the Organization strengthen its internal controls to include maintaining a checklist to be included in each distributing agency's file which includes the check for documentation supporting the agency's eligibility including each required document. The forms should be reviewed to ensure proper verification was made and all contracts are signed and dated by both the agency and the Organization. A check could also be made that the agency was properly set up and eligible qualifiers checked in the inventory system. At the beginning of each fiscal year, a report should be reviewed of all agencies and their qualifiers. This should be checked against the agencies' files to ensure 1) the removal of any qualifiers for which documentation has not been received, and 2) follow-up of agencies to obtain the necessary documents. This will ensure completeness, timeliness, and consistency among all agencies and all documents.

**Management's Response And Corrective Action Plan:**

Management concurs with the finding.

All agencies will not be allowed to order if a signed contract is not in place. The CSFP program is no longer active. TEFAP qualifiers will have a second person audit on all new agencies to ensure the account is set up properly.

**GOLDEN HARVEST FOOD BANK, INC. AND AFFILIATES**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

YEAR ENDED SEPTEMBER 30, 2021

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**Finding 2021-002**

Federal Agency: Department of Agriculture  
Federal Program: Food Distribution Cluster  
CFDA: #10.565, 10.568, 10.569  
Compliance Requirement: Special Tests and Provisions – Accountability for USDA Foods  
Type of Finding: Significant Deficiency in Internal Controls over Compliance  
Repeat Finding: Yes – 2020-002

**Criteria:**

7 CFR § 250.19 Recordkeeping Requirements

Accurate and complete records must be maintained with respect to the receipt, distribution/use, and inventory of USDA Foods.

**Condition:**

When products are received, a bill of lading from the trucking company is received with the goods. Two people in the warehouse count and weigh the products and verify their count, weight, and date of receipt agree to the bill of lading through signature on the bill of lading. Received items are inspected for damage, physical condition, temperature (on refrigerated/frozen product), visual quality, and package dates, etc. From a sample of forty (40) donated items, two (2) donations did not have bill of lading and two (2) donations had no indication of sales order number included in bill of lading denoting TEFAP product.

**Question Costs:**

N/A

**Context:**

The Organization has a policy whereby USDA products received are inspected, counted, and weighed. This inspection is noted through signature on the bill of lading.

**Cause:**

Controls were not in place to ensure all inventory transactions are properly documented with signature for inspections upon receipt of inventory.

**Effects:**

Inventory may not be properly accounted.

**Recommendations:**

We recommend controls be strengthened to ensure all donations are supported with verification of count, weight, and other inspection of the product as evidenced through signature of the person(s) receiving inventory items. This could be made through a checklist attached to the bill of lading and used with entering the items into the inventory system that includes verification was properly made and items properly set up in inventory.

**Management's Response and Corrective Action Plan:**

Management concurs with the finding.

Regarding the BOLs missing in the documentation, all employees involved in receiving product will be retrained regarding the importance of maintaining one copy for our records. Many times drivers only have one copy and we must make a second copy. The Warehouse Manager or Inventory Manager will also be instructed to review all paperwork prior to driver being released. As for the sales orders being included on BOLs, GHFB does not generate those documents. They are generated by the shipping company assigned the load. The requirement to have the sales order on the BOLs are a USDA requirement of the shipping vendor. When a load is received without said number, it is reported back to the appropriate agency, Dept. of Human Services for GA or the SC Dept of Agriculture for SC.

**GOLDEN HARVEST FOOD BANK, INC. AND AFFILIATES**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

YEAR ENDED SEPTEMBER 30, 2021

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**Finding 2021-003**

Federal Agency: Department of Agriculture  
Federal Program: Food Distribution Cluster  
CFDA: #10.565, 10.568, 10.569  
Compliance Requirement: Special Tests and Provisions – Accountability for USDA Foods  
Type of Finding: Significant Deficiency in Internal Controls over Compliance  
Repeat Finding: Yes – 2020-003

**Criteria:**

7 CFR §250.19 Recordkeeping Requirements

Accurate and complete records must be maintained with respect to the receipt, distribution/use, and inventory of USDA Foods. Failure of the distributing agency to comply with recordkeeping requirements must be considered prima facie evidence of improper distribution or loss of donated foods and may result in a claim against such party for the loss or misuse of donated foods. In addition, records relating to the requirements for donated foods must be retained for a period of three years from the close of the fiscal year to which they pertain.

**Condition:**

The Organization requires subrecipients to sign an invoice indicating their pick-up of USDA items taken out of the Organization's inventory. From a sample of forty (40) USDA distributions taken out of or returned to the Organization's inventory, one (1) sample invoice did not indicate quantities and one (1) sample had no indication of agency representative signature.

**Question Costs:**

N/A

**Context:**

The Organization has a policy whereby USDA products distributed are invoiced to receiving agency and agency signs to indicate their receipt of USDA items.

**Cause:**

Controls were not in place to ensure all inventory transactions are properly documented with signature for inspections upon disbursement of inventory.

**Effects:**

Inventory may not be properly accounted.

**Recommendations:**

We recommend original records relating to the requirements for distributed foods be retained for the required period.

**Management's Response and Corrective Action Plan:**

Management concurs with the finding.

A document not having all the quantity fields filled out is a concern. Refresher training with all who handle and file documents will be conducted. Documents not signed should be limited to credit memos conducted in CERES when an order cannot be delivered or a discrepancy is discovered at time of delivery and the affected agency is not present to sign. Going forward any documents that are not signed will have a notation indicating why the credit memo was processed.

**GOLDEN HARVEST FOOD BANK, INC. AND AFFILIATES**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

*YEAR ENDED SEPTEMBER 30, 2021*

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**Summary Schedule of Prior Year Audit Findings**

**Finding 2020-001**

Federal Agency: Department of Agriculture  
Federal Program: Food Distribution Cluster  
CFDA: #10.565, 10.568, 10.569  
Compliance Requirement: Eligibility for Subrecipients  
Type of Finding: Significant Deficiency in Internal Controls over Compliance

**CURRENT STATUS:**

Repeat finding. See finding 2021-001.

**Finding 2020-002**

Federal Agency: Department of Agriculture  
Federal Program: Food Distribution Cluster  
CFDA: #10.565, 10.568, 10.569  
Compliance Requirement: Special Tests and Provisions – Accountability for USDA Foods  
Type of Finding: Significant Deficiency in Internal Controls over Compliance

**CURRENT STATUS:**

Repeat finding. See finding 2021-002.

**Finding 2020-003**

Federal Agency: Department of Agriculture  
Federal Program: Food Distribution Cluster  
CFDA: #10.565, 10.568, 10.569  
Compliance Requirement: Special Tests and Provisions – Accountability for USDA Foods  
Type of Finding: Significant Deficiency in Internal Controls over Compliance

**CURRENT STATUS:**

Repeat finding. See finding 2021-003.