

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

COMBINED FINANCIAL STATEMENTS,  
SUPPLEMENTARY INFORMATION,  
AND COMPLIANCE

*As of and for the Years Ended September 30, 2022 and 2021*

*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

### Opinion

We have audited the accompanying combined financial statements of Golden Harvest Food Bank, Inc. and Affiliates (a nonprofit organization) (collectively, the “Organization”), which comprise the combined statements of financial position as of September 30, 2022 and 2021, 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.

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, 2022 and 2021, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

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. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Combined Financial Statements* section of our report. We are required to be independent of Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Responsibilities of Management for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of the combined financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Organization’s ability to continue as a going concern within one year after the date that the combined financial statements are available to be issued.

### Auditor’s Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the combined financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the combined financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

#### **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, combining statements of activities and changes in net assets, and the statement of functional expenses – Golden Harvest Food Bank, Inc. on pages 21 through 23, respectively, and 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 and 27 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.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 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*

Greenville, South Carolina  
November 30, 2023

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

SEPTEMBER 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 5,066,097	\$ 3,328,750
Designated cash	3,569,402	9,054,009
Restricted cash	12,127	12,127
Accounts receivable	690,910	470,564
Prepaid expense	145,200	51,889
Inventories	2,206,503	5,023,005
Total Current Assets	<u>11,690,239</u>	<u>17,940,344</u>
Noncurrent Assets:		
Investments	3,869,641	2,132,479
Property and equipment, net of accumulated depreciation	6,345,561	4,505,148
Total Noncurrent Assets	<u>10,215,202</u>	<u>6,637,627</u>
<b>Total Assets</b>	<u><u>\$ 21,905,441</u></u>	<u><u>\$ 24,577,971</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities:		
Accounts payable	\$ 711,926	\$ 191,906
Accrued payroll and other liabilities	152,164	257,484
Deferred revenue	95,400	128,760
Total Current Liabilities	<u>959,490</u>	<u>578,150</u>
Net Assets:		
Without donor restrictions	20,389,848	23,790,331
With donor restrictions	556,103	209,490
Total Net Assets	<u>20,945,951</u>	<u>23,999,821</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 21,905,441</u></u>	<u><u>\$ 24,577,971</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, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Net Assets Without Donor Restrictions:		
Support and Revenue:		
Support:		
Contributions - food	\$ 18,793,784	\$ 24,711,395
Contributions - monetary	4,279,748	13,519,560
Federal, state, and local grants and contracts	1,772,722	2,061,706
Net assets released from restrictions	446,050	105,646
Total Support	<u>25,292,304</u>	<u>40,398,307</u>
Revenue:		
Purchased food sales and shared maintenance fees	1,002,876	1,366,488
Agency fees	76,608	73,174
Rental income	-	35,500
Fundraising events	470,706	242,245
Investment return, net	(955,401)	175,449
Gain on forgiveness of Paycheck Protection Program loan	-	488,482
Miscellaneous	38,640	3,032
Total Revenue	<u>633,429</u>	<u>2,384,370</u>
Total Support and Revenue Without Donor Restrictions	<u>25,925,733</u>	<u>42,782,677</u>
Expenses:		
Program Services	<u>27,335,973</u>	<u>29,702,112</u>
Supporting Services:		
Management and general	765,480	712,384
Fundraising - Golden Harvest Food Bank, Inc.	1,223,887	994,189
Fundraising - Food Forever Fund	-	11,973
Fundraising - Golden Service Providers	876	238
Total Supporting Services	<u>1,990,243</u>	<u>1,718,784</u>
Total Expenses	<u>29,326,216</u>	<u>31,420,896</u>
Change in Net Assets Without Donor Restrictions	<u>(3,400,483)</u>	<u>11,361,781</u>
Net Assets With Donor Restrictions:		
Contributions for programs	792,663	81,846
Net assets released from restrictions	(446,050)	(105,646)
Change in Net Assets With Donor Restrictions	<u>346,613</u>	<u>(23,800)</u>
Change in net assets	(3,053,870)	11,337,981
Net assets, beginning of year	<u>23,999,821</u>	<u>12,661,840</u>
Net assets, end of year	<u>\$ 20,945,951</u>	<u>\$ 23,999,821</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**

*YEAR ENDED SEPTEMBER 30, 2022 (WITH SUMMARIZED INFORMATION FOR THE 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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 43,910
Salaries and payroll expenses	779,778	171,445	112,504	277,985	-	-
Payroll taxes	68,028	12,818	8,207	26,084	-	-
Fringe benefits	269,407	48,822	31,240	33,204	-	-
Advertising	27,183	533	1,929	3,236	-	-
Auto and delivery	71,511	22	14	14,036	-	-
Office and postage	151,704	5,403	-	6,756	-	-
Job training	9,027	-	-	196	-	-
Casual labor	26,488	17,618	30,209	15,923	-	-
Dues and subscriptions	36,094	-	-	1,060	-	-
Food purchases	994,186	49,377	-	351,734	-	724,989
Freight	18,277	-	-	250	-	-
Insurance	101,706	11,477	18,432	31,432	-	-
Interest	-	-	-	-	-	-
Miscellaneous	6,910	16,924	-	446	2,229	-
Professional services	66,516	2,913	3,049	7,763	-	-
Rental	173,678	138	1,880	2,363	-	-
Maintenance	76,277	29,518	4,415	28,175	-	-
Fees	43,083	-	-	12,075	-	-
Supplies	49,223	45,357	276	15,827	-	-
Telephone	70,463	1,656	1,622	8,508	-	-
Travel	55,183	782	-	1,075	-	-
Utilities	110,197	40,491	15,492	34,994	-	-
Events	5,124	6,521	-	4,500	-	-
Depreciation	226,639	63,936	15,252	88,608	-	-
Equipment at agencies	29,324	-	-	6,773	-	-
Charitable contributions	-	-	-	-	-	-
	<u>3,466,006</u>	<u>525,751</u>	<u>244,521</u>	<u>973,003</u>	<u>2,229</u>	<u>768,899</u>
Gain on disposal of assets	-	-	-	-	-	-
	<u>\$ 3,466,006</u>	<u>\$ 525,751</u>	<u>\$ 244,521</u>	<u>\$ 973,003</u>	<u>\$ 2,229</u>	<u>\$ 768,899</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)**

YEAR ENDED SEPTEMBER 30, 2022 (WITH SUMMARIZED INFORMATION FOR THE YEAR ENDED SEPTEMBER 30, 2021)

Food Distributions	Total	Supporting Services			Total	2022 Total	2021 Total
		Management and General	Fundraising - GHFB	Fundraising - Affiliates			
\$ 21,355,564	\$ 21,399,474	\$ -	\$ -	\$ -	\$ -	\$ 21,399,474	\$ 23,688,411
-	1,341,712	611,418	508,762	-	1,120,180	2,461,892	2,340,872
-	115,137	45,357	37,712	-	83,069	198,206	196,747
-	382,673	53,974	82,000	-	135,974	518,647	447,474
-	32,881	-	392,727	-	392,727	425,608	241,481
-	85,583	-	-	-	-	85,583	59,021
-	163,863	10	16,913	-	16,923	180,786	137,555
-	9,223	-	-	-	-	9,223	13,979
-	90,238	-	1,279	-	1,279	91,517	135,864
-	37,154	1,727	9,775	-	11,502	48,656	40,243
-	2,120,286	-	-	-	-	2,120,286	2,385,463
-	18,527	-	-	-	-	18,527	10,262
-	163,047	20,460	10,026	-	30,486	193,533	154,249
-	-	-	-	-	-	-	14,898
-	26,509	5,249	17,492	-	22,741	49,250	42,581
-	80,241	23,231	45,343	-	68,574	148,815	275,779
-	178,059	-	1,433	-	1,433	179,492	168,179
-	138,385	-	4,310	876	5,186	143,571	197,309
-	55,158	-	-	-	-	55,158	27,161
-	110,683	-	7,248	-	7,248	117,931	134,120
-	82,249	3,360	3,919	-	7,279	89,528	89,913
-	57,040	465	9,896	-	10,361	67,401	42,367
-	201,174	-	11,603	-	11,603	212,777	178,847
-	16,145	229	63,449	-	63,678	79,823	25,874
-	394,435	-	-	-	-	394,435	298,564
-	36,097	-	-	-	-	36,097	156,219
-	-	-	-	-	-	-	8,790
21,355,564	27,335,973	765,480	1,223,887	876	1,990,243	29,326,216	31,512,222
-	-	-	-	-	-	-	(91,326)
<u>\$ 21,355,564</u>	<u>\$ 27,335,973</u>	<u>\$ 765,480</u>	<u>\$ 1,223,887</u>	<u>\$ 876</u>	<u>\$ 1,990,243</u>	<u>\$ 29,326,216</u>	<u>\$ 31,420,896</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, 2021

	Program Services					
	Augusta Distribution	Augusta Master's Table	Faith Food Factory	Aiken Distribution	Upstate SC Distribution	Direct Services
Food donations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
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	-	-	-	-	-
	3,938,421	417,008	184,794	804,668	19,841	740,295
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 STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)**

YEAR ENDED SEPTEMBER 30, 2021

<u>Food Distributions</u>		<u>Supporting Services</u>				<u>2021 Total</u>
		<u>Management and General</u>	<u>Fundraising - GHFB</u>	<u>Fundraising - Affiliates</u>	<u>Total</u>	
\$ 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	11,497	21,171	42,581
-	78,846	72,690	124,243	-	196,933	275,779
-	167,839	-	340	-	340	168,179
-	186,776	-	9,819	714	10,533	197,309
-	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
23,688,411	29,793,438	712,384	994,189	12,211	1,718,784	31,512,222
-	(91,326)	-	-	-	-	(91,326)
<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>

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, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ (3,053,870)	\$ 11,337,981
Adjustment to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	394,435	298,564
Net unrealized and realized losses (gains) on investments	978,944	(131,026)
Gain on disposal of assets	-	(91,326)
Gain on Payroll Protection Program loan	-	(488,482)
(Increase) decrease in accounts receivable	(220,346)	145,231
Increase in prepaid expenses	(93,311)	(19,286)
Decrease (increase) in inventories	2,816,502	(1,132,307)
Increase in accounts payable	520,020	75,811
(Decrease) increase in accrued payroll and other liabilities	(105,320)	57,449
(Decrease) increase in deferred revenue	(33,360)	27,473
Net cash flows from operating activities	<u>1,203,694</u>	<u>10,080,082</u>
<b>Cash flows from investing activities:</b>		
Purchase of property and equipment	(2,234,848)	(599,823)
Proceeds from disposal of assets	-	91,326
Purchase of long-term investments	<u>(2,716,106)</u>	<u>(915,879)</u>
Net cash flows from investing activities	<u>(4,950,954)</u>	<u>(1,424,376)</u>
<b>Cash flows from financing activities:</b>		
Net change in line of credit	-	(150,000)
Principal payments on long-term notes payable	<u>-</u>	<u>(681,406)</u>
Net cash flows from financing activities	<u>-</u>	<u>(831,406)</u>
Net change in cash, cash equivalents, designated cash, and restricted cash	(3,747,260)	7,824,300
Cash, cash equivalents, designated cash, and restricted cash, beginning of year	<u>12,394,886</u>	<u>4,570,586</u>
Cash, cash equivalents, designated cash, and restricted cash, end of year	<u>\$ 8,647,626</u>	<u>\$ 12,394,886</u>
<b>Supplemental information:</b>		
Interest paid	<u>\$ -</u>	<u>\$ 14,898</u>
<b>Cash, cash equivalents, designated cash, and restricted cash</b>		
Cash and cash equivalents	\$ 5,066,097	\$ 3,328,750
Designated cash	3,569,402	9,054,009
Restricted cash	<u>12,127</u>	<u>12,127</u>
	<u>\$ 8,647,626</u>	<u>\$ 12,394,886</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, 2022 AND 2021

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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” or 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 to 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 to distribute at least 5,000 pounds of food to the needy at one time in neighborhood parking lots or at county crossroads; 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, 2022 and 2021, approximately 38% and 40%, respectively, of revenue and support without donor restrictions was obtained from one federal agency. During the years ended September 30, 2022 and 2021, the Organization received approximately 0% and 21%, respectively, 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. At September 30, 2022 and 2021, there are no net assets with donor restrictions required to be maintained in perpetuity.

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

# GOLDEN HARVEST FOOD BANK, INC. AND AFFILIATES

## NOTES TO THE COMBINED FINANCIAL STATEMENTS

SEPTEMBER 30, 2022 AND 2021

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

Contributions, including unconditional contributions receivable, are recognized in the period received. Conditional contributions - that is, those with a measurable performance or other barrier, and a right of return or right of release - 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 contribution receivable is provided based upon management's judgment including such factors as prior collection history, type of contribution, and nature of fundraising activity. Contributions 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 the related conditions are substantially met.

*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, 2022 or 2021. 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.

*Advertising Costs* – Advertising costs are expensed as incurred. These costs totaled \$425,608 and \$241,481 during the years ended September 30, 2022 and 2021, respectively.

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

# GOLDEN HARVEST FOOD BANK, INC. AND AFFILIATES

## NOTES TO THE COMBINED FINANCIAL STATEMENTS

SEPTEMBER 30, 2022 AND 2021

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

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

*Property and Equipment* – The Organization capitalizes all expenditures in excess of \$1,000 with a useful life greater than one year as property and equipment at the cost of the asset at the date of acquisition for assets purchased. Donations of property and equipment are recorded as contribution at their estimated fair value at the date of gift. Such donations are reported as contribution 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 contribution 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, 2022, the Organization had \$8,061,073 which exceeds these insured amounts.

*New Accounting Pronouncements* – The Organization adopted Accounting Standards Update (“ASU”) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The standard requires presentation of contributed nonfinancial assets as a separate line item in the combined statement of activities, apart from contributions of cash and other financial assets. It also requires a disclosure of disaggregated contributions of nonfinancial assets by category that depicts the type of contributed nonfinancial assets. This distinction will increase transparency of contributions recognized. Adoption of this standard did not have a significant impact on the combined financial statements.

*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, 2023. 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, 2022 AND 2021

**Note 2—Cash designations and restrictions**

At September 30, 2022 and 2021, designated and restricted cash included the following restricted funds:

Management designated funds were \$3,569,402 and \$9,054,009 at September 30, 2022 and 2021, respectively. Management voluntarily set aside this cash as an operating reserve.

Federal Emergency Management Agency (“FEMA”) restricted funds were \$12,127 for both 2022 and 2021. Funds were received directly from FEMA to be applied towards the costs of distributing food donations to FEMA recipients. These funds are required to be maintained in a separate bank account. These funds are included in restricted cash on the combined statements of financial position.

Refer to Note 13 for board-designated endowment funds.

**Note 3—Accounts receivable**

At September 30, 2022 and 2021, accounts receivable balances consisted of the following:

	<u>2022</u>	<u>2021</u>
Agency receivables	\$ 103,949	\$ 69,378
Grants receivable	586,961	401,186
Total accounts receivable	<u>\$ 690,910</u>	<u>\$ 470,564</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, 2022 and 2021.

**Note 4—Inventories**

At September 30, 2022 and 2021, inventories consisted of the following:

	<u>2022</u>	<u>2021</u>
Donated USDA food	\$ 1,177,923	\$ 4,017,368
Donated - other	190,525	197,465
Donated - non-food	519,400	30,036
Purchased	318,655	778,136
	<u>\$ 2,206,503</u>	<u>\$ 5,023,005</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, 2022 and 2021, the approximate wholesale value of one pound of donated food was \$1.53 and \$1.70, respectively. At September 30, 2022 and 2021, the approximate wholesale value of one pound of donated non-food was \$9.80 and \$5.09, respectively. Purchased items are recorded at cost, which approximates market.

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

SEPTEMBER 30, 2022 AND 2021

**Note 5—Property and equipment**

At September 30, 2022 and 2021, property and equipment consisted of the following:

	<u>2022</u>	<u>2021</u>
Land	\$ 437,227	\$ 230,812
Buildings	5,335,092	5,335,092
Automobiles	897,424	727,744
Equipment	3,008,100	2,651,814
Rental property	347,406	347,406
Construction in progress	1,472,429	-
	<u>11,497,678</u>	<u>9,292,868</u>
Accumulated depreciation	<u>(5,152,117)</u>	<u>(4,787,720)</u>
	<u>\$ 6,345,561</u>	<u>\$ 4,505,148</u>

During the years ended September 30, 2022 and 2021, the Organization disposed of property which resulted in a gain of \$-0- and \$91,326, respectively.

**Note 6—Investments**

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

	<u>2022</u>		<u>2021</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Equity securities	\$ 2,401,804	\$ 1,845,966	\$ -	\$ -
Mutual funds	1,410,041	1,161,937	1,446,081	1,577,852
Alternative mutual funds	888,156	861,738	537,156	554,627
Total long-term investments	<u>\$ 4,700,001</u>	<u>\$ 3,869,641</u>	<u>\$ 1,983,237</u>	<u>\$ 2,132,479</u>

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

	<u>2022</u>	<u>2021</u>
Interest and dividends	\$ 51,431	\$ 26,632
Net realized and unrealized investment gains (losses)	(978,944)	148,817
Less investment management expenses	<u>(27,888)</u>	<u>-</u>
Total investment return, net	<u>\$ (955,401)</u>	<u>\$ 175,449</u>



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

SEPTEMBER 30, 2022 AND 2021

**Note 7—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 financial institution 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.

**Note 8—Contributed nonfinancial assets**

The Organization received contributed nonfinancial assets in the form of contributed food of \$18,793,784 and \$24,711,395 for the years ended September 30, 2022 and 2021, respectively.

The majority of food distributed by the Organization is received by contributions from the general public and USDA. The estimated value of these contributions is recognized in the financial statements as food donated and program expenses if distributed during the year. The pounds collected are recorded by the Organization at the time of receipt based on actual weight. Donated food is estimated as cost based upon the wholesale value of the food as determined by the Production Valuation Report, as published by Feeding America, The Nation’s Food Bank Network.

The total value of contributed food for the years ended September 30 are as follows:

	2022			2021		
	Pounds	Value Per Pound	Amount	Pounds	Value Per Pound	Amount
General food donations	4,248,201	\$ 1.53	\$ 6,499,749	4,350,434	\$ 1.70	\$ 7,395,736
General non-food donations	322,184	\$ 9.80	3,157,403	159,852	\$ 5.09	813,647
USDA	5,971,655	\$ 1.53	9,136,632	9,707,066	\$ 1.70	16,502,012
	<u>10,542,040</u>		<u>\$ 18,793,784</u>	<u>14,217,352</u>		<u>\$ 24,711,395</u>

# GOLDEN HARVEST FOOD BANK, INC. AND AFFILIATES

## NOTES TO THE COMBINED FINANCIAL STATEMENTS

SEPTEMBER 30, 2022 AND 2021

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### Note 9—Operating leases

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

The Organization leases a building and various equipment under operating leases expiring in fiscal years 2022 through 2025. For the years ended September 30, 2022 and 2021, total lease expense was \$179,492 and \$168,179, respectively.

The following is a schedule by year of future minimum lease payments under operating leases as of September 30, 2022 and that have an initial or remaining lease terms in excess of one year:

2023	\$	24,425
2024		10,428
2025		9,038
2026		8,200
	\$	<u>52,091</u>

### Note 10—Defined contribution pension plan

The Organization has a simplified employee pension plan. Under this agreement, the Organization may contribute up to 3% of eligible gross wages on an annual basis. During the years ended September 30, 2022 and 2021, the Organization made no contributions to the plan.

### Note 11—Related party transactions

During the year ended September 30, 2011, Golden Harvest entered into two related party loan agreements with Food Forever related to the purchase of two warehouse locations. Beginning February 1, 2011, due 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.

For the years ended September 30, 2022 and 2021, the Organization recorded approximately \$41,000 and \$11,000, respectively, in contributions from the Board of Directors, executive management, and companies related to the Board of Directors.

### Note 12—Fair value measurements

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

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

SEPTEMBER 30, 2022 AND 2021

**Note 12—Fair value measurements (continued)**

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.

Fair value of assets measured on a recurring basis at September 30, 2022 is as follows:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments:				
Food Forever – mutual funds	\$ 1,161,937	\$ 1,161,937	\$ -	\$ -
Food Forever – alternative mutual funds	861,738	861,738	-	-
Food Forever – equity securities	228,767	228,767	-	-
GHFB – equity securities	1,617,199	1,617,199	-	-
	<u>\$ 3,869,641</u>	<u>\$ 3,869,641</u>	<u>\$ -</u>	<u>\$ -</u>

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	\$ -	\$ -
funds	554,627	554,627	-	-
	<u>\$ 2,132,479</u>	<u>\$ 2,132,479</u>	<u>\$ -</u>	<u>\$ -</u>

All assets have been valued using a market approach. There were no changes in the valuations techniques during the current year.

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

SEPTEMBER 30, 2022 AND 2021

**Note 13—Endowment funds**

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

The Board of Directors of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulation to the contrary. As a result of this interpretation, the Organization retains in perpetuity: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowments funds:

1. The duration and preservation of the fund
2. The purposes of the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Organization
7. The investment policies of the Organization

Endowment net assets consisted of the following at September 30:

	<b>September 30, 2022</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Board-designated endowment funds	\$ 2,766,976	\$ -	\$ 2,766,976
Total endowed net assets	<u>\$ 2,766,976</u>	<u>\$ -</u>	<u>\$ 2,766,976</u>

	<b>September 30, 2021</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
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 assets at September 30:

	<b>2022</b>	<b>2021</b>
Cash and cash equivalents - Food Forever Fund	\$ 514,533	\$ 714,588
Investments - Food Forever Fund	<u>2,252,443</u>	<u>2,132,479</u>
	<u>\$ 2,766,976</u>	<u>\$ 2,847,067</u>

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

SEPTEMBER 30, 2022 AND 2021

**Note 13—Endowment funds (continued)**

Changes in endowment net assets for the year ended September 30, 2022 were as follows:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Endowment net assets, at October 1, 2021	\$ 2,847,067	\$ -	\$ 2,847,067
Investment Return:			
Investment income	5,408	-	5,408
Net depreciation	(485,238)	-	(485,238)
Total investment return	(479,830)	-	(479,830)
Contributions	399,739	-	399,739
Endowment net assets, at September 30, 2022	<u>\$ 2,766,976</u>	<u>\$ -</u>	<u>\$ 2,766,976</u>

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

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Endowment net assets, at 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, at September 30, 2022	<u>\$ 2,847,067</u>	<u>\$ -</u>	<u>\$ 2,847,067</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, 2022 or 2021.

*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.

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

SEPTEMBER 30, 2022 AND 2021

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**Note 13—Endowment funds (continued)**

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

**Note 14—Net assets with donor restrictions**

As of September 30, 2022 and 2021, net assets with donor restrictions consisted of \$556,103 and \$209,490, respectively, related to unspent donations designated for the BackPack and Senior Food Box programs.

**Note 15—Net assets released from restrictions**

During the years ended September 30, 2022 and 2021, 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, 2022 and 2021 were \$446,050 and \$105,646, respectively.

**Note 16—Liquidity and availability of resources**

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

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 5,066,097	\$ 3,328,750
Accounts receivable	690,910	470,564
	5,757,007	3,799,314
Less board-designated endowment funds - cash	<u>(514,533)</u>	<u>(714,588)</u>
	<u>\$ 5,242,474</u>	<u>\$ 3,084,726</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.

**Note 17—Subsequent events**

Management has evaluated subsequent events through November 30, 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, 2022.

## **SUPPLEMENTARY INFORMATION**

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

SEPTEMBER 30, 2022

	<u>GHFB</u>	<u>FFF</u>	<u>GSP</u>	<u>Total</u>
<b>ASSETS</b>				
Current Assets:				
Cash and cash equivalents	\$ 4,551,564	\$ 514,533	\$ -	\$ 5,066,097
Designated cash	3,569,402	-	-	3,569,402
Restricted cash	12,127	-	-	12,127
Accounts receivable	690,910	-	-	690,910
Prepaid expense	145,200	-	-	145,200
Inventories	2,206,503	-	-	2,206,503
Intercompany	(25,000)	25,000	-	-
Total Current Assets	<u>11,150,706</u>	<u>539,533</u>	<u>-</u>	<u>11,690,239</u>
Noncurrent Assets:				
Investments	1,617,198	2,252,443	-	3,869,641
Property and equipment, net of accumulated depreciation	<u>6,345,561</u>	<u>-</u>	<u>-</u>	<u>6,345,561</u>
Total Noncurrent Assets	<u>7,962,759</u>	<u>2,252,443</u>	<u>-</u>	<u>10,215,202</u>
<b>Total Assets</b>	<u><u>\$ 19,113,465</u></u>	<u><u>\$ 2,791,976</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 21,905,441</u></u>
<b>LIABILITIES AND NET ASSETS</b>				
Current Liabilities:				
Accounts payable	\$ 711,926	\$ -	\$ -	\$ 711,926
Accrued payroll and other liabilities	152,164	-	-	152,164
Deferred revenue	<u>95,400</u>	<u>-</u>	<u>-</u>	<u>95,400</u>
Total Current Liabilities	<u>959,490</u>	<u>-</u>	<u>-</u>	<u>959,490</u>
Net Assets:				
Without donor restrictions	17,597,872	2,791,976	-	20,389,848
With donor restrictions	<u>556,103</u>	<u>-</u>	<u>-</u>	<u>556,103</u>
Total Net Assets	<u>18,153,975</u>	<u>2,791,976</u>	<u>-</u>	<u>20,945,951</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 19,113,465</u></u>	<u><u>\$ 2,791,976</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 21,905,441</u></u>

See Report of Independent Auditor



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

YEAR ENDED SEPTEMBER 30, 2022

	<u>GHFB</u>	<u>FFF</u>	<u>GSP</u>	<u>Total</u>
Net Assets Without Donor Restrictions:				
Support and Revenue:				
Support:				
Contributions - food	\$ 18,793,784	\$ -	\$ -	\$ 18,793,784
Contributions - monetary	3,880,009	399,739	-	4,279,748
Federal, state, and local grants and contracts	1,772,722	-	-	1,772,722
Net assets released from restrictions	446,050	-	-	446,050
Total Support	<u>24,892,565</u>	<u>399,739</u>	<u>-</u>	<u>25,292,304</u>
Revenue:				
Purchased food sales and shared maintenance fees	1,002,876	-	-	1,002,876
Agency fees	76,608	-	-	76,608
Fundraising events	470,706	-	-	470,706
Investment return, net	(475,571)	(479,830)	-	(955,401)
Miscellaneous	38,640	-	-	38,640
Total Revenue	<u>1,113,259</u>	<u>(479,830)</u>	<u>-</u>	<u>633,429</u>
Total Support and Revenue Without Donor Restrictions	<u>26,005,824</u>	<u>(80,091)</u>	<u>-</u>	<u>25,925,733</u>
Expenses:				
Program Services	<u>27,335,973</u>	<u>-</u>	<u>-</u>	<u>27,335,973</u>
Supporting Services:				
Management and general	765,480	-	-	765,480
Fundraising - GHFB	1,223,887	-	-	1,223,887
Fundraising - GSP	-	-	876	876
Total Supporting Services	<u>1,989,367</u>	<u>-</u>	<u>876</u>	<u>1,990,243</u>
Total Expenses	<u>29,325,340</u>	<u>-</u>	<u>876</u>	<u>29,326,216</u>
Change in Net Assets Without Donor Restrictions	<u>(3,319,516)</u>	<u>(80,091)</u>	<u>(876)</u>	<u>(3,400,483)</u>
Net Assets with Donor Restrictions:				
Contributions for programs	792,663	-	-	792,663
Net assets released from restrictions	<u>(446,050)</u>	<u>-</u>	<u>-</u>	<u>(446,050)</u>
Change in Net Assets With Donor Restrictions	<u>346,613</u>	<u>-</u>	<u>-</u>	<u>346,613</u>
Change in net assets	(2,972,903)	(80,091)	(876)	(3,053,870)
Net assets, beginning of year	<u>21,126,878</u>	<u>2,872,067</u>	<u>876</u>	<u>23,999,821</u>
Net assets, end of year	<u>\$ 18,153,975</u>	<u>\$ 2,791,976</u>	<u>\$ -</u>	<u>\$ 20,945,951</u>

See Report of Independent Auditor

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

YEAR ENDED SEPTEMBER 30, 2022

	Program Services								Supporting Services			2022 Total
	Augusta Distribution	Augusta Master's Table	Faith Food Factory	Aiken Distribution	Upstate SC Distribution	Direct Service	Food Distributions	Total	Management and General	Fundraising - GHFB	Total	
Food distributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 43,910	\$ 21,355,564	\$ 21,399,474	\$ -	\$ -	\$ -	\$ 21,399,474
Salaries and payroll expenses	779,778	171,445	112,504	277,985	-	-	-	1,341,712	611,418	508,762	1,120,180	2,461,892
Payroll taxes	68,028	12,818	8,207	26,084	-	-	-	115,137	45,357	37,712	83,069	198,206
Fringe benefits	269,407	48,822	31,240	33,204	-	-	-	382,673	53,974	82,000	135,974	518,647
Advertising	27,183	533	1,929	3,236	-	-	-	32,881	-	392,727	392,727	425,608
Auto and delivery	71,511	22	14	14,036	-	-	-	85,583	-	-	-	85,583
Office and postage	151,704	5,403	-	6,756	-	-	-	163,863	10	16,913	16,923	180,786
Job training	9,027	-	-	196	-	-	-	9,223	-	(1,251)	(1,251)	7,972
Casual labor	26,488	17,618	30,209	15,923	-	-	-	90,238	-	1,279	1,279	91,517
Dues and subscriptions	36,094	-	-	1,060	-	-	-	37,154	1,727	9,775	11,502	48,656
Food purchases	994,186	49,377	-	351,734	-	724,989	-	2,120,286	-	-	-	2,120,286
Freight	18,277	-	-	250	-	-	-	18,527	-	-	-	18,527
Insurance	101,706	11,477	18,432	31,432	-	-	-	163,047	20,460	10,026	30,486	193,533
Interest	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	6,910	16,924	-	446	2,229	-	-	26,509	5,249	18,743	23,992	50,501
Professional services	66,516	2,913	3,049	7,763	-	-	-	80,241	23,231	45,343	68,574	148,815
Rental	173,678	138	1,880	2,363	-	-	-	178,059	-	1,433	1,433	179,492
Maintenance	76,277	29,518	4,415	28,175	-	-	-	138,385	-	4,310	4,310	142,695
Fees	43,083	-	-	12,075	-	-	-	55,158	-	-	-	55,158
Supplies	49,223	45,357	276	15,827	-	-	-	110,683	-	7,248	7,248	117,931
Telephone	70,463	1,656	1,622	8,508	-	-	-	82,249	3,360	3,919	7,279	89,528
Travel	55,183	782	-	1,075	-	-	-	57,040	465	9,896	10,361	67,401
Utilities	110,197	40,491	15,492	34,994	-	-	-	201,174	-	11,603	11,603	212,777
Events	5,124	6,521	-	4,500	-	-	-	16,145	229	63,449	63,678	79,823
Depreciation	226,639	63,936	15,252	88,608	-	-	-	394,435	-	-	-	394,435
Equipment at agencies	29,324	-	-	6,773	-	-	-	36,097	-	-	-	36,097
Contributions made	-	-	-	-	-	-	-	-	-	-	-	-
	<u>\$ 3,466,006</u>	<u>\$ 525,751</u>	<u>\$ 244,521</u>	<u>\$ 973,003</u>	<u>\$ 2,229</u>	<u>\$ 768,899</u>	<u>\$ 21,355,564</u>	<u>\$ 27,335,973</u>	<u>\$ 765,480</u>	<u>\$ 1,223,887</u>	<u>\$ 1,989,367</u>	<u>\$ 29,325,340</u>

See Report of Independent Auditor

## **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, 2022 and 2021, 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 November 30, 2023.

**Report on 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 identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-004 that we consider to be a significant deficiency.

**Report on 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 audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

*Government Auditing Standards* requires the auditor to perform limited procedures on the Organization's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of the combined financial statements and, accordingly, we express no opinion on the response.

### **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*

Greenville, South Carolina  
November 30, 2023

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

YEAR ENDED SEPTEMBER 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal ALN #	Pass-Through Entity Identifying Number	Federal Expenditures	Passed Through to Subrecipients
<b>U.S. Dept. of Agriculture</b>				
<b>Food Distribution Cluster</b>				
<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	\$ 502,303	\$ -
SC Dept. of Agriculture	10.568	FY2022	236,656	-
<b>Total CFDA #10.568</b>			<u>738,959</u>	<u>-</u>
<b>Food Commodities</b>				
<b>Pass-through program from:</b>				
Georgia Dept. of Human Services	10.569	42700-040-0000089361	6,833,222	6,833,222
SC Dept. of Agriculture	10.569	FY 2022	4,724,372	4,724,372
<b>Total CFDA #10.569</b>			<u>11,557,594</u>	<u>11,557,594</u>
<b>Total Food Distribution Cluster</b>			<u>\$ 12,296,553</u>	<u>\$ 11,557,594</u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

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

YEAR ENDED SEPTEMBER 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal ALN #	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	\$ 3,069	\$ -
SC Thrive	10.561	4400025176	7,896	-
<b>Total CFDA #10.561</b>			<u>10,965</u>	<u>-</u>
<b>Total SNAP Cluster</b>			<u>10,965</u>	<u>-</u>
<b>Total U.S. Dept. of Agriculture</b>			<u>12,307,518</u>	<u>11,557,594</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	14,743	-
<b>Total Aging Cluster</b>			<u>14,743</u>	<u>-</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	599,720	599,720
<b>Total TANF Cluster</b>			<u>599,720</u>	<u>599,720</u>
<b>Total U.S. Dept. of Health and Human Services</b>			<u>614,463</u>	<u>599,720</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 12,921,981</u>	<u>\$ 12,157,314</u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

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

YEAR ENDED SEPTEMBER 30, 2022

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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, 2022. 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 \$11,557,594 in noncash federal awards during the year ended September 30, 2022.

**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**

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

We have audited Golden Harvest Food Bank, Inc. and Affiliates' (the "Organization") compliance with the types of compliance requirements identified as subject to audit 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, 2022. 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.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs the year ended September 30, 2022.

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

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"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

#### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal programs.

#### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Other Matters**

The results of our auditing procedures disclosed other instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2022-001, 2022-002, and 2022-003. Our opinion on each major federal program is not modified with respect to these matters.

*Government Auditing Standards* requires the auditor to perform limited procedures on the Organization's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The Organization is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. The Organization's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

*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 a 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2022-001, 2022-002, and 2022-003 to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

*Government Auditing Standards* requires the auditor to perform limited procedures on the Organization's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The Organization is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. The Organization's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

***Purpose of this Report***

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*

Greenville, South Carolina  
November 30, 2023

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

YEAR ENDED SEPTEMBER 30, 2022

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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?  yes  no
- Significant deficiency(ies) identified?  yes  none reported

Noncompliance material to combined financial statements noted?  yes  no

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified?  yes  no
- Significant deficiency(ies) identified?  yes  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 2 CFR section 200.516(a)?  yes  no

**Identification of Major Programs**

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

<u>ALN #</u>	<u>Name of Federal Program</u>
10.568, 10.569	Food Distribution Cluster

Dollar threshold used to distinguish between Type A and Type B Programs \$750,000

Auditee qualified as low-risk auditee?  yes  no

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

*YEAR ENDED SEPTEMBER 30, 2022*

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**Section II. Combined Financial Statement Findings**

**Finding 2022-004**

**Criteria:**

Management is responsible for preparing the combined 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, 2022. In connection with the preparing the combined 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, 2022. 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, 2022

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

**Finding 2022-001**

Federal Agency: Department of Agriculture  
Federal Program: Food Distribution Cluster  
CFDA: #10.568, 10.569  
Compliance Requirement: Eligibility for Subrecipients  
Type of Finding: Significant Deficiency in Internal Controls over Compliance  
Repeat Finding: Yes – 2021-001

**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 twenty-five (25) agencies who distributed TEFAP products during the fiscal year, the following exception was noted:

- One (1) agency did not have a FY21-22 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. The entity in question was noted as a church.

**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 products.

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

*YEAR ENDED SEPTEMBER 30, 2022*

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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 received TEFAP 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 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:**

Management concurs with the finding.

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

YEAR ENDED SEPTEMBER 30, 2022

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**Finding 2022-002**

Federal Agency: Department of Agriculture  
Federal Program: Food Distribution Cluster  
CFDA: #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 – 2021-002

**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 that their count, weight, and date of receipt agree to the bill of lading as indicated by their 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 twenty-five (25) donated items, one (1) donation had no indication included in bill of lading denoting the item was a TEFAP product.

**Question Costs:**

N/A

**Context:**

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

**Cause:**

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

**Effects:**

Inventories may not be accounted for properly.

**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:**

Management concurs with the finding.



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

YEAR ENDED SEPTEMBER 30, 2022

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**Finding 2022-003**

Federal Agency: Department of Agriculture  
Federal Program: Food Distribution Cluster  
CFDA: #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 – 2021-003

**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 twenty-five (25) USDA distributions taken out of or returned to the Organization's inventory, (1) sample had ship date different from the date distributed.

**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:**

Inventories may not be accounted for properly.

**Recommendations:**

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

**Management's Response:**

Management concurs with the finding.

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

*YEAR ENDED SEPTEMBER 30, 2022*

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**Section IV. Prior Year Findings**

**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

**CURRENT STATUS:**

Repeat finding. See finding 2022-001.

**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

**CURRENT STATUS:**

Repeat finding. See finding 2022-002.

**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

**CURRENT STATUS:**

Repeat finding. See finding 2022-003.