

**THE FOOD BANK OF NORTHEAST GEORGIA, INC.
(A Nonprofit Organization)**

Financial Report

For the fiscal years ended June 30, 2015 and 2014

THE FOOD BANK OF NORTHEAST GEORGIA, INC.

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Independent Auditor's Report

To the Board of Directors of
The Food Bank of Northeast Georgia, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of The Food Bank of Northeast Georgia, Inc., (a nonprofit organization) which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities, cash flows, and functional expenses for the fiscal years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Food Bank of Northeast Georgia, Inc., as of June 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 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 December 7, 2015, on our consideration of the Food Bank of Northeast Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Rushton & Company, LLC

Certified Public Accountants
Gainesville, Georgia
December 7, 2015

THE FOOD BANK OF NORTHEAST GEORGIA, INC.
Statements of Financial Position
June 30, 2015 and 2014

| ASSETS | <u>2015</u> | <u>2014</u> |
|---|----------------------------|----------------------------|
| Current assets | | |
| Cash and cash equivalents | \$ 1,035,775 | \$ 953,195 |
| Certificate of deposit | 53,795 | 53,723 |
| Receivables | | |
| Agency share | 83,336 | 95,578 |
| Grants | 54,686 | 167,381 |
| Other | 37,725 | 58,701 |
| Promises to give | 70,862 | 340,802 |
| Inventory | 1,306,930 | 1,643,702 |
| Prepaid expenses | 39,129 | 34,481 |
| | <u>2,682,238</u> | <u>3,347,563</u> |
| Property and equipment, net | 2,974,331 | 2,449,482 |
| Promises to give | 274,124 | 119,348 |
| Other assets | 33,828 | 9,803 |
| | <u>33,828</u> | <u>9,803</u> |
| Total assets | <u><u>\$ 5,964,521</u></u> | <u><u>\$ 5,926,196</u></u> |
| LIABILITIES AND NET ASSETS | | |
| Current liabilities | | |
| Accounts payable | \$ 110,866 | \$ 119,583 |
| Accrued expenses | 7,975 | 19,180 |
| Accrued payroll liabilities | 17,277 | 8,857 |
| Accrued Interest | 337 | 337 |
| Current portion of long-term debt | 36,714 | 1,122,022 |
| | <u>36,714</u> | <u>1,122,022</u> |
| Total current liabilities | 173,169 | 1,269,979 |
| Long-term liabilities | | |
| Notes payable | 1,161,271 | 110,705 |
| | <u>1,161,271</u> | <u>110,705</u> |
| Total liabilities | 1,334,440 | 1,380,684 |
| | <u>1,334,440</u> | <u>1,380,684</u> |
| Net Assets | | |
| Board designated | 150,000 | 150,000 |
| Unrestricted | 3,200,363 | 3,173,952 |
| Temporarily restricted | 1,279,718 | 1,221,560 |
| | <u>1,279,718</u> | <u>1,221,560</u> |
| Total net assets | 4,630,081 | 4,545,512 |
| | <u>4,630,081</u> | <u>4,545,512</u> |
| Total liabilities and net assets | <u><u>\$ 5,964,521</u></u> | <u><u>\$ 5,926,196</u></u> |

THE FOOD BANK OF NORTHEAST GEORGIA, INC.
Statement of Activities
For the fiscal year ended June 30, 2015
(With comparative totals for June 30, 2014)

| | 2015 | | | 2014 |
|--|---------------------|-----------------------------|---------------------|---------------------|
| | Unrestricted | Temporarily Unrestricted | Total | Total |
| Support and revenue | | | | |
| Grants | \$ 142,542 | \$ 0 | \$ 142,542 | \$ 111,197 |
| GNAP | 0 | 501,747 | 501,747 | 535,532 |
| Agency share contributions | 706,718 | 0 | 706,718 | 748,336 |
| United Way allocations | 0 | 52,800 | 52,800 | 52,800 |
| Contributions | 518,547 | 733,299 | 1,251,846 | 1,750,223 |
| In-kind contributions | | | | |
| Donated food | 19,776,707 | 0 | 19,776,707 | 19,710,781 |
| Other | 36,947 | 0 | 36,947 | 17,465 |
| Fundraising | 713,869 | 0 | 713,869 | 593,140 |
| Miscellaneous income | 13,227 | 0 | 13,227 | 12,926 |
| Rent income, net of direct costs | 57,857 | 0 | 57,857 | 45,384 |
| Interest income | 3,672 | 0 | 3,672 | 1,537 |
| | <u>21,970,086</u> | <u>1,287,846</u> | <u>23,257,932</u> | <u>23,579,321</u> |
| Total support and revenue restriction | | | | |
| Net assets released from | <u>1,229,688</u> | <u>(1,229,688)</u> | <u>0</u> | <u>0</u> |
| | <u>23,199,774</u> | <u>58,158</u> | <u>23,257,932</u> | <u>23,579,321</u> |
| Expenses | | | | |
| Program services | | | | |
| Food distribution | 22,380,435 | 0 | 22,380,435 | 21,731,046 |
| Supporting services | | | | |
| Management and general | 361,958 | 0 | 361,958 | 327,832 |
| Fundraising | 430,970 | 0 | 430,970 | 382,468 |
| | <u>23,173,363</u> | <u>0</u> | <u>23,173,363</u> | <u>22,441,346</u> |
| Total expenses | | | | |
| Increase (decrease) in net assets | 26,411 | 58,158 | 84,569 | 1,137,975 |
| Net assets, July 1 | <u>3,323,952</u> | <u>1,221,560</u> | <u>4,545,512</u> | <u>3,407,537</u> |
| Net assets, June 30 | <u>\$ 3,350,363</u> | <u>\$ 1,279,718</u> | <u>\$ 4,630,081</u> | <u>\$ 4,545,512</u> |

THE FOOD BANK OF NORTHEAST GEORGIA, INC.
Statement of Activities
For the fiscal year ended June 30, 2014

| | <u>Unrestricted</u> | <u>Temporarily Unrestricted</u> | <u>Total</u> |
|---|---------------------|-------------------------------------|---------------------|
| Support and revenue | | | |
| Grants | \$ 111,197 | \$ 0 | \$ 111,197 |
| GNAP | 0 | 535,532 | 535,532 |
| Agency share contributions | 748,336 | 0 | 748,336 |
| United Way allocations | 0 | 52,800 | 52,800 |
| Contributions | 490,136 | 1,260,087 | 1,750,223 |
| In-kind contributions | | | |
| Donated food | 19,710,781 | 0 | 19,710,781 |
| Other | 17,465 | 0 | 17,465 |
| Fundraising | 593,140 | 0 | 593,140 |
| Miscellaneous income | 12,926 | 0 | 12,926 |
| Rent income, net of direct costs | 45,384 | 0 | 45,384 |
| Interest income | 1,537 | 0 | 1,537 |
| | <hr/> | <hr/> | <hr/> |
| Total support and revenue | 21,730,902 | 1,848,419 | 23,579,321 |
| Net assets released from restriction | 884,259 | (884,259) | 0 |
| | <hr/> | <hr/> | <hr/> |
| Total support, revenue, and reclassifications | 22,615,161 | 964,160 | 23,579,321 |
| | <hr/> | <hr/> | <hr/> |
| Expenses | | | |
| Program services | | | |
| Food distribution | 21,731,046 | 0 | 21,731,046 |
| Supporting services | | | |
| Management and general | 327,832 | 0 | 327,832 |
| Fundraising | 382,468 | 0 | 382,468 |
| | <hr/> | <hr/> | <hr/> |
| Total expenses | 22,441,346 | 0 | 22,441,346 |
| | <hr/> | <hr/> | <hr/> |
| Increase (decrease) in net assets | 173,815 | 964,160 | 1,137,975 |
| Net assets, July 1 | 3,150,137 | 257,400 | 3,407,537 |
| | <hr/> | <hr/> | <hr/> |
| Net assets, June 30 | <u>\$ 3,323,952</u> | <u>\$ 1,221,560</u> | <u>\$ 4,545,512</u> |

THE FOOD BANK OF NORTHEAST GEORGIA, INC.
Statements of Cash Flows
For the fiscal years ended June 30, 2015 and 2014

| | <u>2015</u> | <u>2014</u> |
|---|---------------------|--------------------|
| Cash flows from operating activities | | |
| Increase (Decrease) in net assets | \$ 84,569 | \$ 1,137,975 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation and amortization | 127,918 | 128,432 |
| Net change in donated inventory | 358,007 | (105,239) |
| In-kind contributions | (36,947) | (17,465) |
| (Increase) decrease in operating assets | | |
| Purchased inventory | (21,235) | 20,246 |
| Receivables | | |
| Agency Share | 12,242 | (46,463) |
| Grants | 112,695 | (22,072) |
| Other | 20,978 | (57,626) |
| Prepays and other assets | (35,073) | (12,885) |
| Increase (decrease) in operating liabilities | | |
| Accounts payable | (19,923) | 63,063 |
| Accrued payroll liabilities | 8,420 | (6,259) |
| Contributions restricted for long-term purposes: | | |
| (Increase) decrease in promises to give | 115,164 | (460,150) |
| Capital campaign cash receipts | <u>(848,463)</u> | <u>(799,937)</u> |
| Net cash provided (used) by operating activities | <u>(121,648)</u> | <u>(178,380)</u> |
| Cash flows from investing activities | | |
| Maturities of certificates of deposit | 53,723 | 53,505 |
| Purchase of certificates of deposit | (53,795) | (53,723) |
| Purchase of property and equipment | <u>(609,421)</u> | <u>(1,536,679)</u> |
| Net cash provided (used) by investing activities | <u>(609,493)</u> | <u>(1,536,897)</u> |
| Cash flows from financing activities | | |
| Contributions restricted for long-term purposes: | | |
| Capital campaign cash receipts | 848,463 | 799,937 |
| Issuance of notes payable | 0 | 1,087,052 |
| Principal payments on notes payable | <u>(34,742)</u> | <u>(32,951)</u> |
| Net cash provided (used) by financing activities | <u>813,721</u> | <u>1,854,038</u> |
| Net increase (decrease) in cash and cash equivalents | 82,580 | 138,761 |
| Cash and cash equivalents, July 1 | <u>953,195</u> | <u>814,434</u> |
| Cash and cash equivalents, June 30 | <u>\$ 1,035,775</u> | <u>\$ 953,195</u> |
| Supplemental Cash Flow Information: | | |
| Donated food received | \$ 19,776,707 | \$ 19,710,781 |
| Donated food distributed and disposed | 20,134,714 | 19,605,542 |
| Contributions of property and equipment | 36,947 | 17,465 |
| Cash paid for interest | 37,828 | 25,833 |

THE FOOD BANK OF NORTHEAST GEORGIA, INC.
Statement of Functional Expenses
For the fiscal year ended June 30, 2015
(With comparative totals for June 30, 2014)

| | Program Services | | | Supporting Services | |
|---|--------------------------|-------------------------------|--------------------|----------------------------|----------------------|
| | Food Distribution | Management and General | Fundraising | 2015 Totals | 2014 Totals |
| Compensation and related expenses | | | | | |
| Compensation | \$ 806,175 | \$ 197,611 | \$ 43,910 | \$ 1,047,696 | \$ 849,808 |
| Retirement benefits | 12,345 | 3,026 | 672 | 16,043 | 11,281 |
| Other employee benefits | 68,874 | 16,883 | 3,751 | 89,508 | 59,275 |
| Payroll taxes | 61,006 | 14,954 | 3,323 | 79,283 | 62,862 |
| Total compensation expenses | <u>948,400</u> | <u>232,474</u> | <u>51,656</u> | <u>1,232,530</u> | <u>983,226</u> |
| Occupancy | | | | | |
| Utilities | 69,786 | 7,754 | 0 | 77,540 | 70,710 |
| Telephone | 15,280 | 1,698 | 0 | 16,978 | 19,110 |
| Rent | 31,000 | 0 | 0 | 31,000 | 33,000 |
| Total occupancy expenses | <u>116,066</u> | <u>9,452</u> | <u>0</u> | <u>125,518</u> | <u>122,820</u> |
| Administration | | | | | |
| Computer expense | 3,695 | 11,086 | 0 | 14,781 | 15,213 |
| Postage and printing | 12,208 | 8,670 | 0 | 20,878 | 26,584 |
| Professional fees | 17,496 | 39,955 | 0 | 57,451 | 51,111 |
| Total administration expenses | <u>33,399</u> | <u>59,711</u> | <u>0</u> | <u>93,110</u> | <u>92,908</u> |
| Donated food distributed and disposed | 20,134,714 | 0 | 0 | 20,134,714 | 19,605,543 |
| Purchased food distributed and disposed | 649,147 | 0 | 0 | 649,147 | 715,175 |
| Advertising | 2,833 | 180 | 0 | 3,013 | 9,776 |
| Contract services | 47,917 | 1,675 | 22,001 | 71,593 | 160,311 |
| Fundraising | 0 | 0 | 355,581 | 355,581 | 277,192 |
| Bank charges | 0 | 7,972 | 0 | 7,972 | 7,103 |
| Supplies and office expense | 37,968 | 22,430 | 0 | 60,398 | 35,216 |
| Repair and maintenance | 78,947 | 3,499 | 0 | 82,446 | 85,437 |
| Dues and subscriptions | 7,929 | 0 | 0 | 7,929 | 9,107 |
| Insurance | 50,430 | 7,624 | 821 | 58,875 | 39,537 |
| Shipping costs | 123,739 | 0 | 0 | 123,739 | 124,838 |
| Travel | 16,725 | 4,100 | 911 | 21,736 | 17,903 |
| Conferences and training | 13,677 | 0 | 0 | 13,677 | 20,281 |
| Property tax | 2,840 | 0 | 0 | 2,840 | 1,047 |
| Depreciation and amortization | 109,367 | 12,152 | 0 | 121,519 | 124,124 |
| Interest expense | 6,201 | 689 | 0 | 6,890 | 9,668 |
| Other | 136 | 0 | 0 | 136 | 134 |
| Total functional expenses | <u>\$ 22,380,435</u> | <u>\$ 361,958</u> | <u>\$ 430,970</u> | <u>\$ 23,173,363</u> | <u>\$ 22,441,346</u> |

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

THE FOOD BANK OF NORTHEAST GEORGIA, INC.
Statement of Functional Expenses
For the fiscal year ended June 30, 2014

| | Program Services | | Supporting Services | | 2014 Totals |
|---|------------------------------|-----------------------------------|----------------------------|--|------------------------|
| | Food Distribution | Management and General | Fundraising | | |
| Compensation and related expenses | | | | | |
| Compensation | \$ 638,157 | \$ 160,322 | \$ 51,329 | | \$ 849,808 |
| Retirement benefits | 8,471 | 2,128 | 682 | | 11,281 |
| Other employee benefits | 44,512 | 11,183 | 3,580 | | 59,275 |
| Payroll taxes | 47,206 | 11,859 | 3,797 | | 62,862 |
| Total compensation expenses | <u>738,346</u> | <u>185,492</u> | <u>59,388</u> | | <u>983,226</u> |
| Occupancy | | | | | |
| Utilities | 63,639 | 7,071 | 0 | | 70,710 |
| Telephone | 17,199 | 1,911 | 0 | | 19,110 |
| Rent | 33,000 | 0 | 0 | | 33,000 |
| Total occupancy expenses | <u>113,838</u> | <u>8,982</u> | <u>0</u> | | <u>122,820</u> |
| Administration | | | | | |
| Computer expense | 3,803 | 11,410 | 0 | | 15,213 |
| Postage and printing | 15,676 | 10,908 | 0 | | 26,584 |
| Professional fees | 12,332 | 38,779 | 0 | | 51,111 |
| Total administration expenses | <u>31,811</u> | <u>61,097</u> | <u>0</u> | | <u>92,908</u> |
| Donated food distributed and disposed | 19,605,543 | 0 | 0 | | 19,605,543 |
| Purchased food distributed and disposed | 715,175 | 0 | 0 | | 715,175 |
| Advertising | 9,734 | 42 | 0 | | 9,776 |
| Contract services | 88,508 | 26,996 | 44,807 | | 160,311 |
| Fundraising | 0 | 0 | 277,192 | | 277,192 |
| Bank charges | 0 | 7,103 | 0 | | 7,103 |
| Supplies and office expense | 21,311 | 13,905 | 0 | | 35,216 |
| Repair and maintenance | 81,932 | 3,505 | 0 | | 85,437 |
| Dues and subscriptions | 9,107 | 0 | 0 | | 9,107 |
| Insurance | 35,583 | 3,954 | 0 | | 39,537 |
| Shipping costs | 124,838 | 0 | 0 | | 124,838 |
| Travel | 13,444 | 3,378 | 1,081 | | 17,903 |
| Conferences and training | 20,281 | 0 | 0 | | 20,281 |
| Property tax | 1,047 | 0 | 0 | | 1,047 |
| Depreciation and amortization | 111,712 | 12,412 | 0 | | 124,124 |
| Interest expense | 8,702 | 966 | 0 | | 9,668 |
| Other | 134 | 0 | 0 | | 134 |
| Total functional expenses | <u>\$ 21,731,046</u> | <u>\$ 327,832</u> | <u>\$ 382,468</u> | | <u>\$ 22,441,346</u> |

THE FOOD BANK OF NORTHEAST GEORGIA, INC.
Notes to the Financial Statements
For the fiscal years ended June 30, 2015 and 2014

NOTE 1 – NATURE OF ORGANIZATION

Nature of Organization

The Food Bank of Northeast Georgia, Inc. (“the Food Bank”) solicits, receives and stores donated, salvage and surplus food and provides for equitable distribution to nonprofit organizations which feed hungry people. Among these organizations are homeless shelters; food pantries; rehabilitation, senior, and children’s day care centers, and soup kitchens. The designated service area is comprised of 14 counties in Northeast Georgia: Banks, Barrow, Clarke, Franklin, Habersham, Hart, Jackson, Madison, Oconee, Oglethorpe, Rabun, Stephens, Towns and White. The Food Bank is a member of Feeding America, The Nation’s Food Bank Network. It is also commissioned to educate the public about the causes and depth of hunger in the region and to advocate to the many problems caused by hunger.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements of the Food Bank have been prepared using the accrual basis of accounting. Using this method, revenues are recognized when earned and expenses are recognized when incurred.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) ASC 958, *Financial Statements for Not-for-Profit Organizations*. FASB ASC 958 requires classification of net assets and revenue, expenses, gains and losses based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of these three classes of net assets: permanently restricted, temporarily restricted and unrestricted be displayed in the statement of activities and changes in net assets. The accounting standards provide that if a governing body of an organization has the ability to remove a donor restriction, the contributions should be classified as unrestricted net assets.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Food Bank considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Contributions

The Food Bank follows the recommendations of the FASB ASC 958, *Financial Statements for Not-for-Profit Organizations* whereby contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of donor restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of time or purpose restrictions. Donor restricted contributions whose restrictions are met in the same reporting periods are reported as unrestricted support.

Recognition of Donor Restrictions

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

THE FOOD BANK OF NORTHEAST GEORGIA, INC.
Notes to the Financial Statements
For the fiscal years ended June 30, 2015 and 2014

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period the donor makes the promise to give and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Donated Materials and Services

Donated services are reported as contributions when the services (a) create or enhance nonfinancial assets, (b) would be purchased if they had not been provided by contribution, or (c) require specialized skills and are provided by individuals possessing those skills. Donated equipment or materials, if significant, are recorded at fair value. There were no significant donated services or equipment during the year; however, many individuals volunteer their time and perform a variety of tasks that assist the Food Bank. The Food Bank received more than 36,687 volunteer hours during the fiscal year ended June 30, 2015.

Inventory

The Food Bank had 711,654 pounds of contributed product in inventory valued at \$1,209,812 at June 30, 2015, and 950,193 pounds of contributed product in inventory valued at \$1,567,818 at June 30, 2014. The value for the donated inventory, donated food revenue and food distributed are determined based on the Product Valuation Survey commissioned by Feeding America, a national food bank network. This study produced guidelines for determining the approximate average wholesale value of one pound of donated product at the national level. Those procedures have been applied to the specific inventory of the Food Bank. Although the value of items for different organizations may vary, average wholesale values of \$1.70 and \$1.70 per pound have been used for the Food Bank for the fiscal years ended June 30, 2015 and 2014, respectively.

For the year ended June 30, 2015

| | <u>Pounds</u> | <u>Value</u> |
|-----------------------------|-------------------|----------------------|
| Donated product received | | |
| Food product - USDA | 2,706,878 | \$ 4,601,693 |
| Food product - Other | 8,926,479 | 15,175,014 |
| Total | <u>11,633,357</u> | <u>\$ 19,776,707</u> |
| | | |
| Donated product distributed | | |
| Food product - USDA | 2,852,665 | \$ 4,827,197 |
| Food product - Other | 8,329,183 | 14,134,435 |
| Total | <u>11,181,848</u> | <u>\$ 18,961,632</u> |

THE FOOD BANK OF NORTHEAST GEORGIA, INC.
Notes to the Financial Statements
For the fiscal years ended June 30, 2015 and 2014

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventory (continued)

For the year ended June 30, 2014

| | <u>Pounds</u> | <u>Value</u> |
|-----------------------------|-------------------|----------------------|
| Donated product received | | |
| Food product - USDA | 2,628,441 | \$ 4,336,928 |
| Food product - Other | 9,317,487 | 15,373,853 |
| Total | <u>11,945,928</u> | <u>\$ 19,710,781</u> |
| | | |
| Donated product distributed | | |
| Food product - USDA | 2,728,029 | \$ 4,501,248 |
| Food product - Other | 8,563,397 | 14,129,605 |
| Total | <u>11,291,426</u> | <u>\$ 18,630,853</u> |

During 2015, the Food Bank purchased 470,197 pounds of product and distributed 457,257 pounds of purchased product. During 2014, the Food Bank purchased 551,676 pounds of product and distributed 601,189 pounds of purchased product. At June 30, 2015 and 2014, the Food Bank had 90,765 and 78,230 pounds of purchased food in inventory, respectively, valued at \$97,119 and \$75,884. Purchased food inventory is stated at cost.

Property and Equipment

Property and equipment are carried at cost or, if donated, at their approximate fair value at the date of donation. Interest expense incurred in direct relation to construction projects is capitalized and recorded in the cost of the constructed asset. The Food Bank has adopted the policy to capitalize assets with a historical cost greater than \$500 and a useful life greater than 1 year. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support. Depreciation is computed using the straight-line method over the following years:

| | <u>Years</u> |
|--------------------------------|--------------|
| Furniture and office equipment | 5 – 7 |
| Machinery and equipment | 5 – 10 |
| Vehicles | 5 – 10 |
| Software | 3 – 5 |
| Building | 39 |

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that may affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

The Food Bank is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. The Food Bank rents unused commercial space to tenants to generate additional income. The additional rent income is subject to unrelated business income tax. The Food Bank does not have any tax due on rental income; accordingly, no accrual for taxes payable has been reflected in the financial statements. The Food Bank believes it has appropriate support for any tax positions taken, and such as, does not have any uncertain tax positions that are material to the financial statements.

THE FOOD BANK OF NORTHEAST GEORGIA, INC.
Notes to the Financial Statements
For the fiscal years ended June 30, 2015 and 2014

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Compensated Absences

It is the Food Bank’s policy to permit employees to accumulate earned but unused vacation and sick pay benefits. However, these benefits do not vest; employees are not paid for earned but unused vacation and sick leave upon separation from the Organization. No liability is reported for accumulated vacation or sick pay because of their non-vesting nature.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function have been allocated among the programs and supporting services. General and administrative expenses include those expenses that provide for the overall support and direction of the Food Bank.

Accounts Receivable, Grants Receivable, and Promises to Give

The Food Bank considers all accounts receivable, grants receivable, and promises to give fully collectible; accordingly, no allowance for doubtful accounts is considered necessary.

Unconditional promises to give that are expected to be collected within one year are reported at fair value. Unconditional promises to give that are expected to be collected in future years are reported at the present value of estimated future cash flows.

Subsequent Events

Management has evaluated events through December 7, 2015, the date the financial statements were available to be issued.

Reclassifications

Certain amounts in the 2014 financial statements have been reclassified for comparative purposes to conform with the presentation in the 2015 financial statements.

NOTE 3 – GRANTS RECEIVABLE

Grants receivable at June 30 are:

| | <u>2015</u> | <u>2014</u> |
|--------------------------------------|------------------|-------------------|
| Georgia Department of Human Services | \$ 0 | \$ 79,659 |
| Atlanta Community Food Bank | 54,686 | 87,722 |
| | <u>\$ 54,686</u> | <u>\$ 167,381</u> |

THE FOOD BANK OF NORTHEAST GEORGIA, INC.
Notes to the Financial Statements
For the fiscal years ended June 30, 2015 and 2014

NOTE 4 – PROMISES TO GIVE

Promises to Give at June 30 are as follows:

| | <u>2015</u> | <u>2014</u> |
|-------------------------------------|-------------------|-------------------|
| Due within one year | | |
| United Way | \$ 26,400 | \$ 26,400 |
| Capital Campaign | 44,462 | 314,402 |
| | <u>70,862</u> | <u>340,802</u> |
| Due within one to five years | | |
| Capital Campaign | 274,124 | 119,348 |
| Total | <u>\$ 344,986</u> | <u>\$ 460,150</u> |

The United Way of Northeast Georgia committed \$52,800 for each of the periods January through December 2015 and 2014. See Note 17 for additional details on the capital campaign.

NOTE 5 – PROPERTY AND EQUIPMENT, NET

Property and equipment consists of the following at June 30:

| | <u>2015</u> | <u>2014</u> |
|--------------------------------|---------------------|---------------------|
| Land | \$ 857,205 | \$ 857,205 |
| Buildings and improvements | 1,552,545 | 1,552,545 |
| Furniture and office equipment | 476,490 | 465,009 |
| Vehicles and equipment | 404,866 | 400,391 |
| Construction in progress | 741,633 | 117,697 |
| | <u>4,032,739</u> | <u>3,392,847</u> |
| Less: Accumulated depreciation | (1,058,408) | (943,365) |
| Total Property and Equipment | <u>\$ 2,974,331</u> | <u>\$ 2,449,482</u> |

Depreciation expense was \$121,269 and \$123,187 for fiscal years ended June 30, 2015 and 2014, respectively. In 2015 and 2014, \$6,150 and \$4,308 of depreciation is allocated to rental activities, respectively. This amount is reported net under the caption "Rental income, net of direct expenses".

NOTE 6 – NOTE PAYABLE

| | <u>2015</u> | <u>2014</u> |
|---|-------------------|-------------------|
| Payable to financial institution, interest fixed at 5.23%, collateralized by real property, payments monthly at \$3,469 | <u>\$ 110,933</u> | <u>\$ 145,674</u> |

Maturity of notes payable for the year ended June 30,

| | Principal | Interest | Total |
|-------|-------------------|-----------------|-------------------|
| 2016 | \$ 36,714 | \$ 4,918 | \$ 41,632 |
| 2017 | 38,681 | 2,951 | 41,632 |
| 2018 | 35,538 | 879 | 36,417 |
| Total | <u>\$ 110,933</u> | <u>\$ 8,748</u> | <u>\$ 119,681</u> |

Interest expense was \$6,890 and \$9,668 for the fiscal year ended June 30, 2015 and 2014, respectively.

THE FOOD BANK OF NORTHEAST GEORGIA, INC.
Notes to the Financial Statements
For the fiscal years ended June 30, 2015 and 2014

NOTE 7 – LINES OF CREDIT

The Food Bank has a line of credit with no outstanding principal balance at June 30, 2015 or 2014. A total limit of \$75,520 is available and would be due on demand. At June 30, 2015, the interest rate was 3.50%. The line of credit was obtained to allow the Food Bank to purchase large quantities of food that are subsequently reimbursed by the State Nutrition Assistance Program (“SNAP”).

During 2014, the Food Bank acquired a line of credit up to \$1,145,000, secured by real property. There was a balance of \$1,087,052 and \$1,087,052 at June 30, 2015 and 2014, respectively. Interest is payable monthly at 3.00% and principal due in full on January 21, 2017. The line of credit was obtained to purchase a large commercial shopping center with the intention to move local operations in a portion of the property and to rent the remaining portion of the property to commercial tenants to earn rent income. See Note 12 for additional details. The total amount of interest paid on the line of credit for the fiscal year ended June 30, 2015 and 2014 was \$30,428 and \$16,165, respectively. The total amount of interest capitalized for the year ended June 30, 2015 and 2014 was \$18,564 and \$9,699, respectively. The line of credit was refinanced on July 21, 2015; the refinance extended the due date to January 21, 2017 and increased the total line of credit available to draw to \$2,895,000.

NOTE 8 – LEASE COMMITMENT

The Food Bank leases a warehouse located in Tiger, Georgia for storage and distribution with a termination date of December 31, 2015. The Food Bank paid rent totaling \$31,000 and \$33,000 for the fiscal years ended June 30, 2015 and 2014, respectively.

NOTE 9 – NET ASSETS RELEASED FROM RESTRICTIONS

Net assets in the following amounts were released from restriction by satisfying the restricted purpose during the fiscal year ended June 30, 2015.

| | <u>2015</u> | <u>2014</u> |
|---|---------------------|-------------------|
| Georgia Nutrition Assistance Program | \$ 501,747 | \$ 535,532 |
| Capital campaign contributions | 675,141 | 295,927 |
| United Way calendar year pledge for July - December | 26,400 | 26,400 |
| United Way calendar year pledge for January - June | <u>26,400</u> | <u>26,400</u> |
| Total | <u>\$ 1,229,688</u> | <u>\$ 884,259</u> |

NOTE 10 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of contributions restricted for the following purposes at June 30, 2015:

| | <u>2015</u> | <u>2014</u> |
|---|---------------------|---------------------|
| Capital campaign | \$ 1,253,318 | \$ 1,195,160 |
| United Way calendar year pledge for July - December | <u>26,400</u> | <u>26,400</u> |
| Total | <u>\$ 1,279,718</u> | <u>\$ 1,221,560</u> |

THE FOOD BANK OF NORTHEAST GEORGIA, INC.
Notes to the Financial Statements
For the fiscal years ended June 30, 2015 and 2014

NOTE 11 – BOARD DESIGNATED NET ASSETS

Board designated net assets consist of designations for the following purposes at June 30, 2015:

| | <u>2015</u> | <u>2014</u> |
|------------------|-------------------|-------------------|
| Capital campaign | <u>\$ 150,000</u> | <u>\$ 150,000</u> |

NOTE 12 – LEASES

During 2014, the Food Bank purchased a commercial retail property. A portion of the building will be used for operations. The remaining portion of the building is leased to tenants to generate rent income. The organization leases retail spaces to commercial tenants under non-cancelable operating leases with multi-year terms expiring at different times over the next 5 years. The Food Bank expects the leases to be renewed when the lease agreements expire. Under the leases, minimum lease payments for the year ended June 30, 2015 and 2014 were \$175,819 and \$112,050, respectively. Total future rents to be received are as follows:

Years ending June 30,

| | |
|-------|-------------------|
| 2016 | \$ 189,159 |
| 2017 | 189,159 |
| 2018 | 189,159 |
| 2019 | 189,159 |
| 2020 | <u>189,159</u> |
| Total | <u>\$ 945,795</u> |

NOTE 13 – EMPLOYEE BENEFIT PLAN

During the fiscal year ended June 30, 2007, the Food Bank entered into a Savings Incentive Match Plan for Employees of Small Employers (“SIMPLE”) plan qualified under Section 408(p) of the Internal Revenue Code. All employees of the Food Bank are eligible to participate in the plan. Employees may make contributions to the plan up to the maximum allowed by the Internal Revenue Code. For participating employees, the Food Bank contributes the lesser of 3% of the participating employee’s gross salary or the amount of the employee contribution. Total expense for the fiscal years ended June 30, 2015 and 2014 was \$16,043 and \$11,281, respectively.

NOTE 14 – COMMITMENTS AND CONTINGENCIES

Grants require the fulfillment of certain conditions as set forth in the terms of the grant. Failure to fulfill the conditions could result in the return of funds to grantors. Although that is a possibility, the Food Bank deems the contingency remote, since by accepting the gifts and their terms it has in essence satisfied the provisions of the grant.

THE FOOD BANK OF NORTHEAST GEORGIA, INC.
Notes to the Financial Statements
For the fiscal years ended June 30, 2015 and 2014

NOTE 15 – CONCENTRATIONS OF CREDIT RISK

The Food Bank maintains cash and cash equivalent balances at financial institutions in Athens, Georgia. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution. At June 30, 2015, the organization's uninsured balances totaled \$693,503.

NOTE 16 – UNCERTAIN TAX POSITIONS

Effective July 1, 2009, the Food Bank implemented the new accounting requirements associated with uncertainty in income taxes using the provisions of FASB ASC 740, Income Taxes. The guidance prescribes a minimum recognition threshold and measurement methodology that a tax position taken or expected to be taken in a tax return is required before being recognized in the financial statements. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of June 30, 2015, the Food Bank has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

With few exceptions, the Food Bank is no longer subject to U.S. federal, state, and local income tax examinations by tax authorities for years before fiscal year 2012.

NOTE 17 – CAPITAL CAMPAIGN

In April 2014, the Food Bank launched a \$6.4 million capital campaign, "A Fresh Approach to Ending Hunger". The purpose of the capital campaign is to purchase a permanent distribution facility and food center in Rabun County, Georgia. The facility will expand operations and service capacity in the Rabun County facility service area.

In addition, the capital campaign will also fund the expansion of the Food Bank's main distribution hub in Athens, Georgia. The improvements will add overall food storage capacity and expand the current administrative department's office space. These improvements will improve operating efficiency and increase the Food Bank's service capacity.

NOTE 18 – SUBSEQUENT EVENTS

On July 21, 2015, the Food Bank refinanced its line of credit with a local financial institution. The refinance increased the total line of credit available to draw to \$2,895,000 and extended the maturity date to January 21, 2017. See Note 7 for additional details on the line of credit.



Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors of
The Food Bank of Northeast Georgia, Inc.

We have audited, in accordance with the 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, the financial statements of The Food Bank of Northeast Georgia, Inc., (a nonprofit organization), which comprise the statement of financial position as of June 30, 2015 and 2014, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated December 7, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered The Food Bank of Northeast Georgia'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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Food Bank's internal control. Accordingly, we do not express an opinion on the effectiveness of the Food Bank'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 first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Food Bank of Northeast Georgia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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.

Rushton & Company, LLC

Certified Public Accountants
Gainesville, Georgia
December 7, 2015



Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133

To the Board of Directors of
The Food Bank of Northeast Georgia, Inc.

Report on Compliance for Each Major Federal Program

We have audited The Food Bank of Northeast Georgia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Food Bank's major federal programs for the year ended June 30, 2015. The Food Bank's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of The Food Bank of Northeast Georgia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Food Bank's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on The Food Bank of Northeast Georgia's compliance.

Opinion on Each Major Federal Program

In our opinion, The Food Bank of Northeast Georgia complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major programs for the year ended June 30, 2015.

Report on Internal Control over Compliance

Management of The Food Bank of Northeast Georgia is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Food Bank's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Food Bank's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Rushton & Company, LLC

Certified Public Accountants
Gainesville, Georgia
December 7, 2015

THE FOOD BANK OF NORTHEAST GEORGIA, INC.
Schedule of Expenditures of Federal Awards
For the fiscal year ended June 30, 2015

| <u>Federal Grant/Pass-Through Grantor/Program Title</u> | <u>Federal CFDA Number</u> | <u>Pass- Through Number</u> | <u>Expenditures</u> |
|---|------------------------------------|-------------------------------------|---------------------|
| <u>U.S. Department of Agriculture</u> | | | |
| Farmers' Market and Local Food Promotion Program | 10.168 | N/A | \$ 11,034 |
| Passed through: National Institute of Food and Agriculture Community Food Projects | 10.225 | 2014-33800-22314 | <u>28,227</u> |
| Food Distribution Cluster Passed through: Georgia Department of Human Services Emergency Food Assistance Program (Administrative Costs) | 10.568 | 42700-040-0000032499 | 91,128 |
| Emergency Food Assistance Program (Food Commodities) | 10.569 | 42700-040-0000021351 | <u>4,827,197</u> |
| | | | <u>4,918,325</u> |
| Passed through: Georgia Department of Early Care and Learning Summer Food Service Program | 10.559 | 08455 | <u>9,348</u> |
| Total U.S. Department of Agriculture | | | <u>4,966,934</u> |
| <u>Appalachian Regional Commission</u> | | | |
| Appalachian Area Development | 23.002 | N/A | <u>72,000</u> |
| <u>U.S. Department of Health and Human Services</u> | | | |
| Passed through: Atlanta Community Food Bank Temporary Assistance for Needy Families | 93.558 | 42700-040-0000022549 | 204,769 |
| | | 42700-040-0000029156 | <u>296,978</u> |
| Total U.S. Department of Health and Human Services | | | <u>501,747</u> |
| Total Federal Awards | | | <u>\$ 5,540,681</u> |

See accompanying notes to the schedule of expenditures of federal awards and the schedule of findings and questioned costs.

THE FOOD BANK OF NORTHEAST GEORGIA, INC.
Notes to the Schedule of Expenditures of Federal Awards
June 30, 2015

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the SEFA) includes the federal grant activity of The Food Bank of Northeast Georgia, Inc., under programs for the federal government for the year ended June 30, 2015. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because this schedule presents only a selected portion of the operations of the Food Bank, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Food Bank.

2. Summary of Significant Accounting Policies

Expenditures reported on the SEFA are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

Food commodities on hand at June 30, 2015, had a value of \$1,306,930. The value of the commodities received (support) and distributed (expense) is based on values published by the granting agency. Such commodities are valued in the financial statements at a value provided by Feeding America.

THE FOOD BANK OF NORTHEAST GEORGIA, INC.
Schedule of Findings and Questioned Costs
For the fiscal year ended June 30, 2015

1. Summary of the Auditor's Results

A. Financial Statements

| | |
|---|------------|
| Type of auditor's report issued: | Unmodified |
| Internal control over financial reporting: | |
| Material weakness(es) identified? | None noted |
| Significant deficiency(ies) identified not considered material weaknesses? | None noted |
| Noncompliance material to financial statements noted? | None noted |

B. Federal Awards

| | |
|---|------------|
| Internal control over major programs: | |
| Material weakness(es) identified? | None noted |
| Significant deficiency(ies) identified not considered material weaknesses? | None noted |

| | |
|--|------------|
| 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 Circular A-133, Section 510(a)? | None noted |
|--|------------|

Identification of major programs:

Food Distribution Cluster

| | |
|--------|---|
| 10.568 | Emergency Food Assistance Program (Administrative Costs) |
| 10.569 | Emergency Food Assistance Program (Food Commodities) |

93.558 Temporary Assistance for Needy Families

| | |
|---|-----------|
| Dollar threshold used to distinguish between Type A and Type B programs: | \$300,000 |
|---|-----------|

| | |
|--|-----|
| Auditee qualified as low-risk auditee? | Yes |
|--|-----|

THE FOOD BANK OF NORTHEAST GEORGIA, INC.
Schedule of Findings and Questioned Costs
For the fiscal year ended June 30, 2015

2. Financial Statement Findings

A. Current Year Audit Findings

None reported

B. Prior Year Audit Findings Follow-Ups

None reported

3. Federal Award Findings and Questioned Costs

The audit of the financial statements and schedule of expenditures of federal awards disclosed no audit findings or questioned costs which are required to be reported under Section 510(a) of OMB A-133.