



FINANCIAL STATEMENTS

**FOR THE YEARS ENDED
JUNE 30, 2019 AND 2018**

ANNE ARUNDEL COUNTY FOOD BANK, INC.
FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

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Independent Auditor's Report

To the Board of Directors of
Anne Arundel County Food Bank, Inc.

We have audited the accompanying financial statements of Anne Arundel County Food Bank, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the 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. Those standards require that we plan and perform the audit 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 Anne Arundel County Food Bank, Inc. as of June 30, 2019 and 2018, 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.

Alta CPA Group, LLC

January 31, 2020

ANNE ARUNDEL COUNTY FOOD BANK, INC.
 STATEMENTS OF FINANCIAL POSITION
 JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
<u>ASSETS</u>		
Current Assets:		
Cash and Cash Equivalents	\$ 478,527	\$ 181,123
Accounts Receivable	2,757	1,226
Inventory	586,964	474,003
Prepaid Expenses	<u>2,595</u>	<u>1,590</u>
Total Current Assets	1,070,843	657,942
Fixed Assets:		
Property and Equipment, Net of Accumulated Depreciation of \$266,205 and \$255,628, Respectively	<u>46,195</u>	<u>59,706</u>
Total Assets	<u>\$ 1,117,038</u>	<u>\$ 717,648</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts Payable	\$ 8,472	\$ 6,243
Payroll Taxes Payable	<u>468</u>	<u>334</u>
Total Current Liabilities	<u>8,940</u>	<u>6,577</u>
Total Liabilities	8,940	6,577
Net Assets:		
Without Donor Restrictions	942,616	711,071
With Donor Restrictions	<u>165,482</u>	<u>-</u>
Total Net Assets	<u>1,108,098</u>	<u>711,071</u>
Total Liabilities and Net Assets	<u>\$ 1,117,038</u>	<u>\$ 717,648</u>

See independent auditor's report and accompanying notes to financial statements.

ANNE ARUNDEL COUNTY FOOD BANK, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Anne Arundel County Grants	\$ 113,200	\$ -	\$ 113,200
Anne Arundel County Reimbursement for TEFAP	25,000	-	25,000
Contributions	475,848	165,482	641,330
United Way of Central Maryland	1,978	-	1,978
Interest Income	1,426	-	1,426
Inkind Donations	2,755,890	-	2,755,890
Other Income	1,745	-	1,745
Total Revenue and Support	3,375,087	165,482	3,540,569
EXPENSES			
Program Services	2,949,631	-	2,949,631
Management and General	155,997	-	155,997
Fundraising	37,914	-	37,914
Total Expenses	3,143,542	-	3,143,542
Change in Net Assets	231,545	165,482	397,027
Net Assets at Beginning of Year	711,071	-	711,071
Net Assets at End of Year	\$ 942,616	\$ 165,482	\$ 1,108,098

See independent auditor's report and accompanying notes to financial statements.

ANNE ARUNDEL COUNTY FOOD BANK, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Anne Arundel County Grants	\$ 98,000	\$ -	\$ 98,000
Anne Arundel County Reimbursement for TEFAP	15,000	-	15,000
Contributions	407,848	-	407,848
United Way of Central Maryland	2,229	-	2,229
Interest Income	5	-	5
Inkind Donations	2,638,600	-	2,638,600
Other Income	1,364	-	1,364
Total Revenue and Support	3,163,046	-	3,163,046
EXPENSES			
Program Services	3,165,284	-	3,165,284
Management and General	161,642	-	161,642
Fundraising	41,687	-	41,687
Total Expenses	3,368,613	-	3,368,613
Change in Net Assets	(205,567)	-	(205,567)
Net Assets at Beginning of Year	916,638	-	916,638
Net Assets at End of Year	\$ 711,071	\$ -	\$ 711,071

See independent auditor's report and accompanying notes to financial statements.

ANNE ARUNDEL COUNTY FOOD BANK, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

	Program Services	Management and General	Fundraising	Total Expenses
Audit Fees	\$ -	\$ 5,250	\$ -	\$ 5,250
Depreciation	24,438	4,888	3,259	32,585
Dues and Subscriptions	881	176	118	1,175
Food Purchases	49,356	-	-	49,356
Inkind Food and Supply Donations	2,492,929	-	-	2,492,929
Insurance	29,891	5,978	3,986	39,855
Legal and Accounting	-	9,200	-	9,200
Meals and Entertainment	3,196	639	426	4,261
Office Expenses	13,280	2,656	1,771	17,707
Payroll Taxes	14,491	2,898	1,932	19,321
Postage and Shipping	2,040	408	272	2,720
Rent Expense - Donated Facilities	123,000	27,000	-	150,000
Repair and Maintenance	-	57,677	-	57,677
Salaries	154,702	30,941	20,627	206,270
Telephone	5,723	1,145	763	7,631
Transportation	7,996	1,599	1,066	10,661
Utilities	27,708	5,542	3,694	36,944
Total Expenses	\$ 2,949,631	\$ 155,997	\$ 37,914	\$ 3,143,542

See independent auditor's report and accompanying notes to financial statements.

ANNE ARUNDEL COUNTY FOOD BANK, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018

	Program Services	Management and General	Fundraising	Total Expenses
Audit Fees	\$ -	\$ 5,150	\$ -	\$ 5,150
Depreciation	23,354	4,671	3,114	31,139
Dues and Subscriptions	2,327	465	310	3,102
Food Purchases	26,858	-	-	26,858
Inkind Food and Supply Donations	2,702,777	-	-	2,702,777
Insurance	34,523	6,905	4,603	46,031
Legal and Accounting	-	8,301	-	8,301
Meals and Entertainment	3,221	644	429	4,294
Office Expenses	16,917	3,392	2,256	22,565
Payroll Taxes	17,321	2,238	2,310	21,869
Postage and Shipping	3,074	615	410	4,099
Rent Expense - Donated Facilities	123,000	27,000	-	150,000
Repair and Maintenance	-	59,878	-	59,878
Salaries	167,374	33,475	22,317	223,166
Telephone	4,592	918	612	6,122
Transportation	10,438	2,088	1,392	13,918
Utilities	29,508	5,902	3,934	39,344
Total Expenses	\$ 3,165,284	\$ 161,642	\$ 41,687	\$ 3,368,613

See independent auditor's report and accompanying notes to financial statements.

ANNE ARUNDEL COUNTY FOOD BANK, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 397,027	\$ (205,567)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	32,585	31,139
(Increase) Decrease in Operating Assets:		
Accounts Receivable	(1,531)	(1,226)
Inventory	(112,961)	214,177
Prepaid Expenses	(1,005)	(792)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	2,229	(739)
Payroll Taxes Payable	134	(452)
	<u>316,478</u>	<u>36,540</u>
Net Cash Provided by Operating Activities	316,478	36,540
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	<u>(19,074)</u>	<u>(4,064)</u>
Net Cash Used by Investing Activities	(19,074)	(4,064)
CASH FLOWS FROM FINANCING ACTIVITIES	<u>-</u>	<u>-</u>
Net Increase in Cash and Cash Equivalents	297,404	32,476
Cash and Cash Equivalents, Beginning of Year	<u>181,123</u>	<u>148,647</u>
Cash and Cash Equivalents, End of Year	<u>\$ 478,527</u>	<u>\$ 181,123</u>
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest Paid	<u>\$ -</u>	<u>\$ -</u>
Income Taxes Paid	<u>\$ -</u>	<u>\$ -</u>

See independent auditor's report and accompanying notes to financial statements.

ANNE ARUNDEL COUNTY FOOD BANK, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Anne Arundel County Food Bank, Inc. (the Organization), is a Maryland not-for-profit corporation, formed in 1986. The mission of the Organization is to fight hunger by assuring that all of those in need have access to food and other basic necessities. The Organization distributes food through church pantries, homeless and battered spouse shelters, soup kitchens, day care and senior centers, and other not-for-profit organizations that provide food directly to needy families. The Organization also distributes furniture, appliances, medical equipment, and vehicles directly to those in need from its warehouse facility located at 120 Marbury Dr., Crownsville, Maryland. The Organization's support comes primarily from donor contributions and government grants.

Basis of Accounting

The financial statements of Anne Arundel County Food Bank, Inc. have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board may designate a portion of these net assets for specific purposes.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

When contributions are received and the restrictions met within the same fiscal year, the amounts are reported as contributions without donor restrictions.

ANNE ARUNDEL COUNTY FOOD BANK, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 1 - SUMMARY OF SIGNIFIGANT ACCOUNTING POLICIES (CONTINUED)

Change in Accounting Principle

In August 2016, the FASB issued Accounting Standards Update ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, quantitative and qualitative information about the liquidity and availability of resources, consistency in the presentation of expenses and investment return, and other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. The ASU has been applied retrospectively to all periods presented. The Organization has changed its presentation of net asset classes, expanded the footnote disclosures required by ASU 2016-14, and reclassified certain expense items to conform to the requirements of the ASU.

Uses of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements, and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Concentration of Credit Risk

The Organization maintains its cash and certificates of deposit in high credit quality financial institutions. At times, the balances may exceed the federally insured limits of \$250,000. As of June 30, 2019, the Organization had approximately \$229,000 in excess of FDIC limits. The Organization has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on cash and cash equivalents.

Inventory

Inventory consists of food, furniture, and medical equipment donated to the Organization. Food inventory is recorded on the first in, first out method at estimated fair value at the date of donation using the Product Valuation Survey Methodology, a report prepared by Feeding America, which determines the approximate average wholesale value of one pound of donated products at the national level. Feeding America is a national food bank network nonprofit.

ANNE ARUNDEL COUNTY FOOD BANK, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 1 - SUMMARY OF SIGNIFIGANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Acquisition of property and equipment with a useful life of one year or greater and cost or fair market value of \$1,000 or more is capitalized. Depreciation is provided over the estimated useful lives of the assets using the straight line method. Gifts of long lived assets such as land, buildings, or equipment are recorded at their fair market values and reported as support without donor restrictions, unless explicit donor stipulations specify how the donated assets must be used.

Donated Services

Individuals and other groups contribute substantial amounts of materials and services toward the fulfillment of programs initiated by the Organization. Donated services are recognized as contributions at their estimated fair value at the date of donation, if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. A substantial number of volunteers have donated significant amounts of time to the Organization's program services and to its fundraising campaigns. During the years ended June 30, 2019 and 2018, over 20,000 volunteer hours were performed valued at an estimated value of \$192,175 and \$192,175, respectively. Services include a plumber, an electrician, IT support, office support, and ten to twelve warehouse laborers five to six days a week. However, these amounts have not been recognized in the accompanying statements of activities and changes in net assets for these contributed services because the conditions for requiring recognition of such volunteer effort under generally accepted accounting principles do not exist.

Donations of materials and facilities are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use are reported as donor restricted contributions. 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.

Subsequent Events

The Organization evaluated subsequent events through the date that the financial statements were available to be issued. The Organization is not aware of any significant events that occurred subsequent to the statement of financial position date but prior to January 31, 2020 that would have a material impact on the financial statements.

ANNE ARUNDEL COUNTY FOOD BANK, INC.
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 1 - SUMMARY OF SIGNIFIGANT ACCOUNTING POLICIES (CONTINUED)

Allocation of Expenses

Expenses are allocated between program services, management and general support, and fundraising, in accordance with generally accepted accounting principles, and have been summarized on a functional basis in the statements of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The statements of functional expenses present expenses by function and natural classification. Expenses directly attributable to a specific functional area of the Organization are reported as expenses of those functional areas. Certain costs, such as some salary, payroll taxes, utilities, depreciation, rent, telephone, and office related expenses, are allocated based on estimates of staff time spent on each functional area.

Income Tax Status

The Organization is a nonprofit corporation whose revenue is derived from contributions and other fundraising activities and is not subject to federal or state income taxes. The Organization is exempt under Section 501(c)(3) of the Internal Revenue Code.

The Organization’s informational return filings are subject to audit by the Internal Revenue Service, generally for three years after filing.

NOTE 2 - INKIND CONTRIBUTIONS

Donated food is received through federal assistance (TEFAP) and donations from corporate, not-for-profit, and individual donors. Donated food is valued using USDA cost-per-pound data, Feeding America data, and values assigned by the TEFAP program. Other in-kind donations, including furniture, medical supplies, and facilities, are valued at market value at the time of donation. All services are offered at no charge to help needy families and individuals.

	<u>2019</u>	<u>2018</u>
Food Products	\$ 1,602,035	\$ 1,941,365
Medical Equipment	93,147	56,578
Furniture	284,672	302,260
Facilities	150,000	150,000
Household	<u>626,036</u>	<u>188,397</u>
Total	\$ <u>2,755,890</u>	\$ <u>2,638,600</u>

Donated facilities income and expense results from 30,000 square feet leased from the State of Maryland under an agreement for \$1 per annum which runs through 2036.

ANNE ARUNDEL COUNTY FOOD BANK, INC.
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2019 and 2018 consisted of the following:

	Estimated <u>Useful Life</u>	<u>2019</u>	<u>2018</u>
Equipment and Fixtures	5-7 years	\$ 117,988	\$ 110,958
Vehicles	5 years	<u>194,412</u>	<u>204,376</u>
Total		312,400	315,334
Less: Accumulated Depreciation		<u>(266,205)</u>	<u>(255,628)</u>
Property and Equipment, Net		\$ <u>46,195</u>	\$ <u>59,706</u>

NOTE 4 - LIQUIDITY AND AVAILABILITY

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	<u>2019</u>	<u>2018</u>
Cash and Cash Equivalents	\$ 478,527	\$ 181,123
Accounts Receivable	<u>2,757</u>	<u>1,226</u>
Total Current Financial Assets at Year End	481,284	182,349
Less: Net Assets With Donor Restrictions	<u>(165,482)</u>	---
Total Financial Assets Available for General Expenditure Within One Year	\$ <u>315,802</u>	\$ <u>182,349</u>

NOTE 5 - INVENTORY

Inventory at June 30 is comprised of the following:

	<u>2019</u>	<u>2018</u>
Food	\$ 255,761	\$ 244,770
Medical Equipment	12,121	25,114
Furniture	140,903	32,217
Household	<u>178,179</u>	<u>171,902</u>
Total	\$ <u>586,964</u>	\$ <u>474,003</u>

NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30, 2019 are comprised of funds restricted for roof repairs.