



## **FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED  
JUNE 30, 2020 AND 2019**

ANNE ARUNDEL COUNTY FOOD BANK, INC.  
FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

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

*Alta CPA Group, LLC*

March 26, 2021

ANNE ARUNDEL COUNTY FOOD BANK, INC.  
 STATEMENTS OF FINANCIAL POSITION  
 JUNE 30, 2020 AND 2019

	2020	2019
<u>ASSETS</u>		
Current Assets:		
Cash and Cash Equivalents	\$ 1,482,814	\$ 478,527
Accounts Receivable	-	2,757
Inventory	516,781	586,964
Prepaid Expenses	8,864	2,595
Total Current Assets	2,008,459	1,070,843
Fixed Assets:		
Property and Equipment, Net of Accumulated Depreciation of \$295,234 and \$266,205, Respectively	481,038	46,195
Total Assets	\$ 2,489,497	\$ 1,117,038
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts Payable	\$ 16,808	\$ 8,472
Payroll Taxes Payable	650	468
Total Current Liabilities	17,458	8,940
Total Liabilities	17,458	8,940
Net Assets:		
Without Donor Restrictions	2,472,039	942,616
With Donor Restrictions	-	165,482
Total Net Assets	2,472,039	1,108,098
Total Liabilities and Net Assets	\$ 2,489,497	\$ 1,117,038

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, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUE AND SUPPORT</b>			
Grants	\$ 511,568	\$ -	\$ 511,568
Anne Arundel County Reimbursement for TEFAP	20,000	-	20,000
Contributions	1,571,266	-	1,571,266
United Way of Central Maryland	11,655	-	11,655
Interest Income	1,236	-	1,236
Inkind Donations	3,848,518	-	3,848,518
Other Income	90	-	90
Net Assets Released from Restrictions	<u>165,482</u>	<u>(165,482)</u>	<u>-</u>
 Total Revenue and Support	 6,129,815	 (165,482)	 5,964,333
<b>EXPENSES</b>			
Program Services	4,367,897	-	4,367,897
Management and General	185,417	-	185,417
Fundraising	<u>47,078</u>	<u>-</u>	<u>47,078</u>
 Total Expenses	 <u>4,600,392</u>	 <u>-</u>	 <u>4,600,392</u>
 Change in Net Assets	 1,529,423	 (165,482)	 1,363,941
 Net Assets at Beginning of Year	 <u>942,616</u>	 <u>165,482</u>	 <u>1,108,098</u>
 Net Assets at End of Year	 <u>\$ 2,472,039</u>	 <u>\$ -</u>	 <u>\$ 2,472,039</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

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUE AND SUPPORT</b>			
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	<u>1,745</u>	<u>-</u>	<u>1,745</u>
 Total Revenue and Support	 3,375,087	 165,482	 3,540,569
<b>EXPENSES</b>			
Program Services	2,949,631	-	2,949,631
Management and General	155,997	-	155,997
Fundraising	<u>37,914</u>	<u>-</u>	<u>37,914</u>
 Total Expenses	 <u>3,143,542</u>	 <u>-</u>	 <u>3,143,542</u>
 Change in Net Assets	 231,545	 165,482	 397,027
 Net Assets at Beginning of Year	 <u>711,071</u>	 <u>-</u>	 <u>711,071</u>
 Net Assets at End of Year	 <u>\$ 942,616</u>	 <u>\$ 165,482</u>	 <u>\$ 1,108,098</u>

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, 2020

	Program Services	Management and General	Fundraising	Total Expenses
Audit Fees	\$ -	\$ 5,300	\$ -	\$ 5,300
Depreciation	31,016	6,203	4,136	41,355
Dues and Subscriptions	1,421	284	190	1,895
Food Purchases	185,622	-	-	185,622
Inkind Food and Supply Donations	3,706,203	-	-	3,706,203
Insurance	31,814	6,363	4,242	42,419
Legal and Accounting	-	18,614	-	18,614
Meals and Entertainment	3,155	631	421	4,207
Office Expenses	27,928	5,586	3,724	37,238
Payroll Taxes	19,098	3,819	2,546	25,463
Postage and Shipping	2,332	467	311	3,110
Rent Expense - Donated Facilities	123,000	27,000	-	150,000
Repair and Maintenance	-	63,888	-	63,888
Salaries	196,135	39,227	26,151	261,513
Telephone	5,759	1,152	768	7,679
Transportation	7,318	1,464	976	9,758
Utilities	27,096	5,419	3,613	36,128
<b>Total Expenses</b>	<b>\$ 4,367,897</b>	<b>\$ 185,417</b>	<b>\$ 47,078</b>	<b>\$ 4,600,392</b>

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

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
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
	<u>2,949,631</u>	<u>155,997</u>	<u>37,914</u>	<u>3,143,542</u>
Total Expenses	\$ <u>2,949,631</u>	\$ <u>155,997</u>	\$ <u>37,914</u>	\$ <u>3,143,542</u>

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, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 1,363,941	\$ 397,027
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	41,355	32,585
Loss on Disposal of Fixed Assets	1,079	-
(Increase) Decrease in Operating Assets:		
Accounts Receivable	2,757	(1,531)
Inventory	70,183	(112,961)
Prepaid Expenses	(6,269)	(1,005)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	8,336	2,229
Payroll Taxes Payable	182	134
Net Cash Provided by Operating Activities	<u>1,481,564</u>	<u>316,478</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Property and Equipment	<u>(477,277)</u>	<u>(19,074)</u>
Net Cash Used by Investing Activities	<u>(477,277)</u>	<u>(19,074)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
	<u>-</u>	<u>-</u>
Net Increase in Cash and Cash Equivalents	1,004,287	297,404
Cash and Cash Equivalents, Beginning of Year	<u>478,527</u>	<u>181,123</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,482,814</u>	<u>\$ 478,527</u>
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
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, 2020 AND 2019

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.

ANNE ARUNDEL COUNTY FOOD BANK, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets (cont.)

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

New Accounting Pronouncements

On May 24, 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606). The standard prescribes a single model for revenue recognition, with a set of principles to be used for determining when revenue should be recognized, including performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price, and allocating the transaction price to each separate performance obligation. It also requires expanded disclosures about the nature, amount, and timing of revenue and cash flows. The Company implemented this standard during the year ended June 30, 2020. The adoption of this new guidance will not have a material impact on the Company's financial statements.

The Organization has adopted Accounting Standards Update (ASU) No. 2018-08 *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605)* as management believes the standard improves the usefulness and understandability of the Organization's financial reporting.

Revenue Recognition

Revenue from contracts with customers primarily consists of grants. Revenues are recognized when control of the promised goods or services is transferred to our customers, in an amount that reflects the consideration we expect to be entitled to in exchange for those goods or services. These revenues are recognized net of discounts, waivers, and refunds.

We determine revenue recognition through the five-step model prescribed by Topic 606 as follows:

- Identification of the contract, or contracts, with a customer;
- Identification of the performance obligations in the contract;
- Determination of the transaction price;
- Allocation of the transaction price to the performance obligations in the contract;
- Recognition of revenue when, or as, performance obligations are satisfied.

ANNE ARUNDEL COUNTY FOOD BANK, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2020, the Organization had approximately \$1,250,000 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.

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.

ANNE ARUNDEL COUNTY FOOD BANK, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2020 and 2019, over 20,000 volunteer hours were performed valued at an estimated value of \$67,152 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.

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.

ANNE ARUNDEL COUNTY FOOD BANK, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 March 26, 2021 that would have a material impact on the financial statements.

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>2020</u>	<u>2019</u>
Food Products	\$ 3,026,455	\$ 1,602,035
Medical Equipment	25,883	93,147
Furniture	---	284,672
Facilities	150,000	150,000
Vehicles	62,499	---
Household	<u>583,681</u>	<u>626,036</u>
Total	\$ <u>3,848,518</u>	\$ <u>2,755,890</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, 2020 AND 2019

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2020 and 2019 consisted of the following:

	Estimated <u>Useful Life</u>	<u>2020</u>	<u>2019</u>
Equipment and Fixtures	5-7 years	\$ 179,951	\$ 117,988
Leasehold Improvements	16 years	330,482	---
Vehicles	5 years	<u>265,839</u>	<u>194,412</u>
Total		776,272	312,400
Less: Accumulated Depreciation		<u>(295,234)</u>	<u>(266,205)</u>
Property and Equipment, Net		\$ <u>481,038</u>	\$ <u>46,195</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>2020</u>	<u>2019</u>
Cash and Cash Equivalents	\$ 1,482,814	\$ 478,527
Accounts Receivable	<u>---</u>	<u>2,757</u>
Total Current Financial Assets at Year End	1,482,814	481,284
Less: Net Assets With Donor Restrictions	<u>---</u>	<u>(165,482)</u>
Total Financial Assets Available for General Expenditure Within One Year	\$ <u>1,482,814</u>	\$ <u>315,802</u>

NOTE 5 - INVENTORY

Inventory at June 30 is comprised of the following:

	<u>2020</u>	<u>2019</u>
Food	\$ 310,908	\$ 255,761
Medical Equipment	2,608	12,121
Furniture	---	140,903
Household	<u>203,265</u>	<u>178,179</u>
Total	\$ <u>516,781</u>	\$ <u>586,964</u>



ANNE ARUNDEL COUNTY FOOD BANK, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 6 - NET ASSETS WITH DONOR RESTRICTCTIONS

Net assets with donor restrictions at June 30, 2019 are comprised of funds restricted for roof repairs. The Organization had no net assets with donor restrictions at June 30, 2020.