

ANNE ARUNDEL COUNTY FOOD BANK, INC.
**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**
JUNE 30, 2023 AND 2022

TABLE OF CONTENTS

	<u>Page Numbers</u>
Independent Auditor's Report.....	1-3
Statements of Financial Position	4
Statements of Activities	5-6
Statements of Functional Expenses.....	7-8
Statements of Cash Flows	9
Notes to Financial Statements	10-21
Supplementary Information:	
Schedule of Expenditures of Federal Awards	22
Notes to Schedule of Expenditures of Federal Awards	23
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 <i>Government Auditing Standards</i>	24-25
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.....	26-28
Schedule of Findings and Questioned Costs	29-33

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinion

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, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

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, 2023 and 2022, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Anne Arundel County Food Bank, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Independent Auditor's Report (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Anne Arundel County Food Bank, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Anne Arundel County Food Bank, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Independent Auditor's Report (Continued)

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 schedule of expenditures of federal awards 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 October 13, 2023, on our consideration of Anne Arundel County Food Bank, Inc.'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 solely 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 effectiveness of Anne Arundel Food Bank, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Anne Arundel Food Bank, Inc.'s internal control over financial reporting and compliance.

Gross, Mendelsohn & Associates, P.A.

Baltimore, Maryland
October 13, 2023

ANNE ARUNDEL COUNTY FOOD BANK, INC.
Statements of Financial Position
June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 2,801,508	\$ 2,806,292
Investments	1,934,104	1,120,051
Grants receivable	2,422	183,100
Contributions receivable	21,724	1,000
Inventories	212,658	472,632
Prepaid expenses	19,442	14,168
Total Current Assets	<u>4,991,858</u>	<u>4,597,243</u>
Property , net of accumulated depreciation	757,598	541,566
Current Assets		
Contributions receivable, long-term	<u>55,481</u>	-0-
Total Assets	<u><u>\$ 5,804,937</u></u>	<u><u>\$ 5,138,809</u></u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 122,701	\$ 105,080
Deferred revenue	54,000	21,912
Total Current Liabilities	<u>176,701</u>	<u>126,992</u>
Commitments and Contingencies (Notes 10, 11 and 12)		
Net Assets		
Without donor restrictions	5,550,891	4,917,472
With donor restrictions	77,345	94,345
Total Net Assets	<u>5,628,236</u>	<u>5,011,817</u>
Total Liabilities and Net Assets	<u><u>\$ 5,804,937</u></u>	<u><u>\$ 5,138,809</u></u>

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

ANNE ARUNDEL COUNTY FOOD BANK, INC.
Statements of Activities
Years Ended June 30, 2023 and 2022

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Grants and contributions - government agencies	\$ 2,329,445	\$ -0-	\$ 2,329,445
Grants and contributions - other	1,978,940	264,504	2,243,444
Gifts-in-kind	3,364,221	-0-	3,364,221
Special events, net	72,161	-0-	72,161
Net investment return	103,140	-0-	103,140
Loss on disposal of property	-0-	-0-	-0-
Miscellaneous income	-0-	-0-	-0-
Net assets released from restrictions:			
Satisfaction of program restrictions	261,504	(261,504)	-0-
Satisfaction of time restrictions	20,000	(20,000)	-0-
Total Support and Revenue	8,129,411	(17,000)	8,112,411
Expenses			
Program services	6,708,703	-0-	6,708,703
Supporting services:			
Management and general	490,759	-0-	490,759
Fundraising	346,530	-0-	346,530
Total Supporting Services	837,289	-0-	837,289
Total Expenses	7,545,992	-0-	7,545,992
Change in Net Assets before Other Income	583,419	(17,000)	566,419
Other Income			
Contributions for renovation/acquisition of property	-0-	50,000	50,000
Net assets released from restrictions:			
Renovation/acquisition of property	50,000	(50,000)	-0-
Other Income	50,000	-0-	50,000
Change in Net Assets	633,419	(17,000)	616,419
Net Assets at Beginning of Year	4,917,472	94,345	5,011,817
Net Assets at End of Year	\$ 5,550,891	\$ 77,345	\$ 5,628,236

2022

Without Donor Restrictions	With Donor Restrictions	Total
\$ 2,315,284	\$ -0-	\$ 2,315,284
2,009,566	120,000	2,129,566
3,343,444	-0-	3,343,444
39,762	-0-	39,762
(14,114)	-0-	(14,114)
(1,546)	-0-	(1,546)
3,164	-0-	3,164
1,022,286	(1,022,286)	-0-
-0-	-0-	-0-
8,717,846	(902,286)	7,815,560
6,935,623	-0-	6,935,623
510,547	-0-	510,547
285,257	-0-	285,257
795,804	-0-	795,804
7,731,427	-0-	7,731,427
986,419	(902,286)	84,133
-0-	-0-	-0-
-0-	-0-	-0-
-0-	-0-	-0-
986,419	(902,286)	84,133
3,931,053	996,631	4,927,684
\$ 4,917,472	\$ 94,345	\$ 5,011,817

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

ANNE ARUNDEL COUNTY FOOD BANK, INC.
Statements of Functional Expenses
Years Ended June 30, 2023 and 2022

	2023				
	Program Services	Management and General	Fundraising	Cost of Direct Benefits to Donors	Total
Program Food Costs					
Value of donated goods distributed	\$ 4,131,938	\$ -0-	\$ -0-	\$ -0-	\$ 4,131,938
Cost of purchased goods	1,560,595	-0-	-0-	-0-	1,560,595
Total program food costs	<u>5,692,533</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>5,692,533</u>
Personnel Expenses					
Salaries	504,709	191,092	170,091	-0-	865,892
Payroll taxes	41,985	15,896	14,149	-0-	72,030
Pension	5,183	1,962	1,747	-0-	8,892
Other benefits	25,958	9,828	8,748	-0-	44,534
Total personnel expenses	<u>577,835</u>	<u>218,778</u>	<u>194,735</u>	<u>-0-</u>	<u>991,348</u>
Repairs and maintenance	101,880	38,574	34,334	-0-	174,788
Occupancy	87,432	33,103	29,465	-0-	150,000
Depreciation	72,324	27,383	24,374	-0-	124,081
Utilities	42,042	15,918	14,168	-0-	72,128
Consultants	-0-	59,933	7,793	-0-	67,726
Information technology	32,751	12,400	11,037	-0-	56,188
Facility expenses	43,214	-0-	-0-	-0-	43,214
Insurance	23,286	8,816	7,848	-0-	39,950
Special events	-0-	-0-	-0-	37,985	37,985
Professional fees	-0-	34,814	-0-	-0-	34,814
Travel and transportation	17,453	6,608	5,882	-0-	29,943
Advertising	-0-	14,623	-0-	-0-	14,623
Bank and credit card fees	-0-	12,569	-0-	-0-	12,569
Campaign expenses	-0-	-0-	11,042	-0-	11,042
Telephone	4,905	1,857	1,653	-0-	8,415
Payroll processing fees	3,208	1,214	1,081	-0-	5,503
Dues and subscriptions	3,154	1,194	1,063	-0-	5,411
Meals and entertainment	3,141	1,189	1,059	-0-	5,389
Printing and postage	2,818	1,067	950	-0-	4,835
Meetings	-0-	665	-0-	-0-	665
Office expenses	137	54	46	-0-	237
Contributions	-0-	-0-	-0-	-0-	-0-
Miscellaneous	590	-0-	-0-	-0-	590
Total expenses by function	<u>6,708,703</u>	<u>490,759</u>	<u>346,530</u>	<u>37,985</u>	<u>7,583,977</u>
Less: Cost of direct benefits to donors netted with special events revenue in the statements of activities	-0-	-0-	-0-	(37,985)	(37,985)
Total expenses reported on the statements of activities	<u>\$ 6,708,703</u>	<u>\$ 490,759</u>	<u>\$ 346,530</u>	<u>\$ -0-</u>	<u>\$ 7,545,992</u>

2022

Program Services	Management and General	Fundraising	Cost of Direct Benefits to Donors	Total
\$ 4,131,338	\$ -0-	\$ -0-	\$ -0-	\$ 4,131,338
1,873,572	-0-	-0-	-0-	1,873,572
6,004,910	-0-	-0-	-0-	6,004,910
506,272	178,765	138,224	-0-	823,261
48,059	16,969	13,121	-0-	78,149
3,643	1,286	995	-0-	5,924
21,889	7,729	5,976	-0-	35,594
579,863	204,749	158,316	-0-	942,928
55,987	19,769	15,286	-0-	91,042
92,244	32,571	25,185	-0-	150,000
44,201	15,607	12,068	-0-	71,876
27,373	9,665	7,473	-0-	44,511
-0-	147,915	15,100	-0-	163,015
32,030	11,310	8,745	-0-	52,085
34,951	-0-	-0-	-0-	34,951
29,785	10,517	8,132	-0-	48,434
-0-	-0-	-0-	35,069	35,069
-0-	15,545	-0-	-0-	15,545
7,177	2,534	1,960	-0-	11,671
-0-	12,372	7,750	-0-	20,122
-0-	17,527	-0-	-0-	17,527
-0-	-0-	17,844	-0-	17,844
9,510	3,358	2,596	-0-	15,464
2,277	804	622	-0-	3,703
3,588	1,267	980	-0-	5,835
1,477	522	403	-0-	2,402
3,047	1,076	832	-0-	4,955
-0-	894	-0-	-0-	894
7,203	2,545	1,965	-0-	11,713
-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-
6,935,623	510,547	285,257	35,069	7,766,496
-0-	-0-	-0-	(35,069)	(35,069)
\$ 6,935,623	\$ 510,547	\$ 285,257	\$ -0-	\$ 7,731,427

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

ANNE ARUNDEL COUNTY FOOD BANK, INC.
Statements of Cash Flows
Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 616,419	\$ 84,133
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Realized losses (gains) on investments	(3,468)	908
Unrealized losses (gains) on investments	(48,846)	17,334
Donated stock	(19,137)	(20,112)
Depreciation	124,081	71,876
Non-cash property contributions	(23,219)	-0-
Loss on disposal of property	-0-	1,546
Contributions received for renovation/acquisition of property	(50,000)	-0-
Changes in operating assets and liabilities:		
Grants receivable	180,678	646,942
Contributions receivable	(76,205)	1,214
Inventories	259,974	224,411
Prepaid expenses	(5,274)	(9,267)
Accounts payable and accrued expenses	17,621	(13,260)
Deferred revenue	32,088	21,912
Net Cash Provided by Operating Activities	<u>1,004,712</u>	<u>1,027,637</u>
Cash Flows from Investing Activities		
Purchase of investments	(1,844,638)	(1,035,847)
Proceeds from sale and maturity of investments	1,082,899	32,913
Net proceeds from sale of donated stock	19,137	20,112
Proceeds from disposal of property	-0-	2,125
Purchase of property	(316,894)	(119,812)
Net Cash Used in Investing Activities	<u>(1,059,496)</u>	<u>(1,100,509)</u>
Cash Flows from Financing Activities		
Contributions restricted for renovation/acquisition of property recognized as revenue	<u>50,000</u>	-0-
Net Decrease in Cash and Cash Equivalents	(4,784)	(72,872)
Cash and Cash Equivalents at Beginning of Year	<u>2,806,292</u>	<u>2,879,164</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 2,801,508</u></u>	<u><u>\$ 2,806,292</u></u>

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