

FEEDING THE GULF COAST

FINANCIAL REPORT

DECEMBER 31, 2020

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Feeding the Gulf Coast
Mobile, Alabama

Report on the Financial Statements

I have audited the accompanying financial statements of Feeding the Gulf Coast (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, 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

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my 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 I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Feeding the Gulf Coast as of December 31, 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.

Other Matters

Other Information

My 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 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 my 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*, I have also issued my report dated May 18, 2021, on my consideration of Feeding the Gulf Coast's internal control over financial reporting and on my 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 my 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 Feeding the Gulf Coast'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 Feeding the Gulf Coast's internal control over financial reporting and compliance.

Kim K. Enikeieff

Mobile, Alabama
May 18, 2021

FEEDING THE GULF COAST
STATEMENTS OF FINANCIAL POSITION
December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Assets		
Cash	\$ 9,311,143	\$ 1,944,622
Promises to give without donor restrictions	87,227	60,709
Accounts receivable, less allowance for doubtful accounts of \$50,000 for 2020 and \$50,000 for 2019	61,685	32,415
Grants	677,070	254,785
Inventory		
Contributed food	1,566,818	2,589,955
Purchased food	543,591	267,896
Prepaid expenses	102,787	16,214
Investments	9,251,376	209,037
Property, plant and equipment - net	<u>5,089,765</u>	<u>4,775,068</u>
Total assets	<u>\$ 26,691,462</u>	<u>\$ 10,150,701</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and other accrued expenses	\$ 433,884	\$ 190,975
Accrued payroll and related taxes	50,050	146,650
Accrued vacation pay	118,293	85,674
Deferred revenue	12,655	-
Notes payable	<u>191,590</u>	<u>219,796</u>
Total liabilities	<u>806,472</u>	<u>643,095</u>
Net assets		
Without donor restrictions:		
Undesignated	7,215,263	779,673
Contributed food	1,566,818	2,589,955
Property and equipment	4,898,175	4,555,272
Board designated for operating reserve	3,000,000	-
Board designated for capital projects	3,000,000	-
Board designated for quasi endowment	3,000,000	-
Total without donor restrictions	<u>22,680,256</u>	<u>7,924,900</u>
With donor restrictions	<u>3,204,734</u>	<u>1,582,706</u>
Total net assets	<u>25,884,990</u>	<u>9,507,606</u>
Total liabilities and net assets	<u>\$ 26,691,462</u>	<u>\$ 10,150,701</u>

See notes to financial statements

FEEDING THE GULF COAST

**STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2020**

Without Donor Restrictions

	Food Bank	Contributed Food	Operating Reserve	Capital Projects	Quest Endowment	With Donor Restrictions	2020 Total
Support and revenue							
Support	\$ -	\$ 42,502,900	\$ -	\$ -	\$ -	\$ -	\$ 42,502,900
Contributed food received	4,324,420	-	-	-	-	-	4,324,420
Fees and grants from government agencies	3,602,867	-	-	-	-	-	3,602,867
Child Nutrition Program	375,586	-	-	-	-	-	375,586
Supplemental Nutrition Assistance Program	657,000	-	-	-	-	-	657,000
Payroll Protection Program	46,160	-	-	-	-	-	46,160
United Way Allocation	113,151	-	-	-	-	-	113,151
Emergency Food and Shelter	6,296,398	-	3,000,000	3,000,000	3,000,000	1,622,028	16,918,426
Contributions and grants	15,415,582	42,502,900	3,000,000	3,000,000	3,000,000	1,622,028	68,540,510
Total support							
Revenue	2,681,975	-	-	-	-	-	2,681,975
Shared maintenance	45,490	-	-	-	-	-	45,490
Membership fees	33,138	-	-	-	-	-	33,138
Investment income	78,658	-	-	-	-	-	78,658
Other income	1,875	-	-	-	-	-	1,875
Fundraising	400	-	-	-	-	-	400
Gain (loss) on disposal of equipment	2,841,536	-	-	-	-	-	2,841,536
Total revenue							
Net assets released from restrictions	-	-	-	-	-	-	-
Total support and revenue	18,257,118	42,502,900	3,000,000	3,000,000	3,000,000	1,622,028	71,382,046
Expenses							
Program services							
Contributed food distributed	-	43,526,037	-	-	-	-	43,526,037
Transportation	1,061,443	-	-	-	-	-	1,061,443
Supplemental Nutrition Assistance Program	726,463	-	-	-	-	-	726,463
Nutrition programs	3,479,529	-	-	-	-	-	3,479,529
Agency volunteer services	358,903	-	-	-	-	-	358,903
Operations general	4,423,408	-	-	-	-	-	4,423,408
Operating reserve	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-
Quest endowment	-	-	-	-	-	-	-
Total program services	10,049,746	43,526,037	-	-	-	-	53,575,783
Supporting services							
Management and general	589,668	-	-	-	-	-	589,668
Fundraising	839,211	-	-	-	-	-	839,211
Total expenses	11,478,625	43,526,037	-	-	-	-	55,004,662
Change in net assets	6,778,493	(1,023,137)	3,000,000	3,000,000	3,000,000	1,622,028	16,377,384
Net assets, beginning of year	5,334,945	2,589,955	-	-	-	1,582,705	9,507,605
Net assets, end of year	\$ 12,113,438	\$ 1,566,818	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000	\$ 3,204,734	\$ 25,884,990

See notes to financial statements.

FEEDING THE GULF COAST
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2019

	Without Donor Restrictions		With Donor Restrictions	2019 Total
	Food Bank	Contributed Food		
Support and revenue				
Support				
Contributed food received	\$ -	\$ 33,572,867	\$ -	\$ 33,572,867
Fees and grants from government agencies	892,214	-	-	892,214
Child Nutrition Program	2,330,783	-	-	2,330,783
Supplemental Nutrition Assistance Program	292,378	-	-	292,378
United Way Allocation	23,144	-	-	23,144
Emergency Food and Shelter	52,333	-	-	52,333
Contributions and grants	3,382,138	-	158,268	3,540,406
Total support	6,972,990	33,572,867	158,268	40,704,125
Revenue				
Shared maintenance	2,095,686	-	-	2,095,686
Membership fees	40,610	-	-	40,610
Investment income	42,168	-	-	42,168
Other income	85,342	-	-	85,342
Fundraising	75,447	-	-	75,447
Gain (loss) on disposal of equipment	7,360	-	-	7,360
Total revenue	2,346,613	-	-	2,346,613
Net assets released from restrictions	-	-	-	-
Total support and revenue	9,319,603	33,572,867	158,268	43,050,738
Expenses				
Program services				
Contributed food distributed	-	33,496,431	-	33,496,431
Transportation	1,149,345	-	-	1,149,345
Supplemental Nutrition Assistance Program	623,067	-	-	623,067
Nutrition programs	2,617,891	-	-	2,617,891
Agency volunteer services	426,537	-	-	426,537
Operations general	2,731,492	-	-	2,731,492
Total program services	7,548,332	33,496,431	-	41,044,763
Supporting services				
Management and general	654,856	-	-	654,856
Fundraising	463,013	-	-	463,013
Total expenses	8,666,201	33,496,431	-	42,162,632
Change in net assets	653,402	76,436	158,268	888,106
Net assets, beginning of year as previously reported	4,751,511	2,513,519	1,424,438	8,689,468
Restatement	(68,968)	-	-	(68,968)
Net assets, beginning of year as restated	4,681,543	2,513,519	1,424,438	8,619,500
Net assets, end of year	\$ 5,334,945	\$ 2,589,955	\$ 1,582,706	\$ 9,507,606

See notes to financial statements.

FEEDING THE GULF COAST

STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2020

	PROGRAM SERVICES										SUPPORTING SERVICES	
	Transportation	Supplemental Nutrition Assistance Program	Nutrition Programs	Agency Volunteer Services	Operations and Facilities	Operating Reserve	Capital Projects	Quasi-Endowment	Total	Management and General	Fundraising	2020 Total Expenses
Salaries	\$ 324,031	\$ 473,601	\$ 614,115	\$ 295,433	\$ 822,146	-	-	-	\$ 2,429,326	\$ 365,410	\$ 346,728	\$ 3,141,464
Payroll taxes	24,187	35,887	39,002	22,100	58,591	-	-	-	179,747	27,117	26,263	233,127
Employee benefits	60,725	69,281	44,167	26,498	87,599	-	-	-	288,270	39,175	47,885	375,330
Total personnel	408,943	578,749	697,284	344,031	968,336	-	-	-	2,897,343	431,702	420,876	3,749,921
Bad debts	-	-	-	-	2,491	-	-	-	2,491	-	-	2,491
Bank charges	-	-	-	-	360	-	-	-	360	3,423	124	3,907
Conferences	558	10,882	2,642	576	401	-	-	-	15,039	5,572	15,243	36,854
Contract labor	36,090	-	7,436	-	31,072	-	-	-	74,598	-	759	75,357
Direct mail expense	-	-	-	-	-	-	-	-	-	-	217,955	217,955
Dues and membership fees	35	100	-	99	8,516	-	-	-	8,750	6,244	4,609	19,603
Equipment rental	24,684	-	22,785	-	20,099	-	-	-	67,578	33	-	67,611
Food procurement	-	-	2,817,904	-	2,510,437	-	-	-	5,328,341	-	-	5,328,341
Freight-in	-	-	-	1,800	22,741	-	-	-	24,541	-	1,344	25,885
Gas and oil	156,184	173	3,050	-	1,540	-	-	-	160,947	15	-	160,962
Insurance	106,299	-	-	-	141,031	-	-	-	246,330	-	-	246,330
Information system expense	1,123	13,863	1,443	1,907	79,243	-	-	-	97,579	1,006	5,737	104,322
Interest expense	-	-	-	-	8,640	-	-	-	8,640	-	-	8,640
Marketing expense	25,581	26,715	15,002	873	24,049	-	-	-	92,220	2,192	62,337	156,749
Miscellaneous	867	44,720	2,139	8,327	24,429	-	-	-	80,482	98,081	87,542	236,105
Professional fees	-	-	-	-	1,094	-	-	-	1,094	49,132	-	50,226
Repairs and maintenance	127,569	-	2,702	-	124,458	-	-	-	254,729	-	530	255,259
Special events	-	49,811	-	294	61,934	-	-	-	119,037	3,541	21,995	144,473
Supplies and postage	196	46	10	61	20	-	-	-	137	-	-	137
Travel	-	-	-	-	182,738	-	-	-	182,738	-	260	183,777
Utilities	3,090	1,424	330	935	-	-	-	-	188,517	-	-	188,517
Total expenses before contributed food distributed and depreciation	890,229	726,463	3,479,529	358,903	4,213,629	-	-	-	9,668,753	570,941	839,211	11,078,905
Contributed food distributed	-	-	-	-	43,526,037	-	-	-	43,526,037	-	-	43,526,037
Depreciation	171,214	-	-	-	208,779	-	-	-	380,993	18,727	-	399,720
Total expenses	\$ 1,061,443	\$ 726,463	\$ 3,479,529	\$ 358,903	\$ 47,949,445	\$ -	\$ -	\$ -	\$ 53,575,783	\$ 589,668	\$ 839,211	\$ 55,004,662

FEEDING THE GULF COAST

**STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2019**

	PROGRAM SERVICES						SUPPORTING SERVICES			2019 Total Expenses
	Transportation	Supplemental Nutrition Assistance Program	Nutrition Programs	Agency Volunteer Services	Operations and Facilities	Total	Management and General	Fundraising		
Salaries	\$ 269,360	\$ 384,151	\$ 441,932	\$ 345,918	\$ 745,404	\$ 2,186,765	\$ 407,040	\$ 180,009	\$ 2,773,814	
Payroll taxes	19,929	29,936	35,436	25,736	57,843	168,880	31,751	13,899	214,530	
Employee benefits	49,722	52,262	39,486	29,500	98,425	269,395	43,907	26,295	339,597	
Total personnel	339,011	466,349	516,854	401,154	901,672	2,625,040	482,698	220,203	3,327,941	
Bad debts	-	-	-	-	35,449	35,449	-	-	35,449	
Bank charges	-	-	124	-	300	424	4,972	288	5,684	
Conferences	148	45,372	14,308	6,341	26,894	93,063	13,167	10,897	117,127	
Contract labor	25,577	-	27,535	-	171,732	224,844	-	3,400	228,244	
Direct mail expense	-	-	-	-	-	-	-	194,075	194,075	
Dues and membership fees	35	2,384	33	149	20,269	22,870	27,872	458	51,200	
Equipment rental	171,434	688	24,624	-	108,031	304,777	-	-	304,777	
Food procurement	-	2	1,985,451	1,219	541,817	2,527,270	-	-	2,527,270	
Freight-in	-	-	-	-	53,012	54,231	-	-	54,231	
Gas and oil	228,695	241	178	-	2,203	231,317	4,391	-	235,708	
Insurance	80,098	-	500	-	113,806	194,404	-	-	194,404	
Information system expense	-	5,532	-	2,265	69,719	77,516	1,360	1,995	80,871	
Interest expense	-	-	-	-	9,544	9,544	-	-	9,544	
Marketing expense	23,983	21,765	18,097	377	33,471	97,693	35,405	9,862	142,960	
Miscellaneous	959	33,260	13,902	11,915	23,296	83,332	25,494	2,199	111,025	
Professional fees	-	-	-	-	875	875	42,084	-	42,959	
Repairs and maintenance	158,220	690	3,929	-	170,044	332,883	-	-	332,883	
Special events	-	-	-	-	-	-	-	11,381	11,381	
Supplies and postage	310	43,676	9,280	2,784	67,500	123,550	2,264	8,099	133,913	
Travel	44	514	2,361	287	293	3,499	67	156	3,722	
Utilities	3,126	2,594	715	46	195,700	202,181	2	-	202,183	
Total expenses before contributed food distributed and depreciation	1,031,640	623,067	2,617,891	426,537	2,545,627	7,244,762	639,776	463,013	8,347,551	
Contributed food distributed	-	-	-	-	33,496,431	33,496,431	-	-	33,496,431	
Depreciation	117,705	-	-	-	185,865	303,570	15,080	-	318,650	
Total expenses	\$ 1,149,345	\$ 623,067	\$ 2,617,891	\$ 426,537	\$ 36,227,923	\$ 41,044,763	\$ 654,856	\$ 463,013	\$ 42,162,632	

See notes to financial statements.

FEEDING THE GULF COAST
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 16,377,384	\$ 888,106
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	399,720	318,650
Bad debt expense	2,491	35,449
Donated stocks and bonds	(10,690)	(4,231)
Net realized and unrealized (gain) loss on investments	(31,469)	(34,345)
Gain on the disposal of equipment	(400)	(7,360)
(Increase) decrease in:		
Unconditional promises to give without donor restrictions	(26,518)	(21,391)
Unconditional promises to give with donor restrictions	-	10,000
Accounts receivable	(31,761)	(11,406)
Grants	(422,285)	97,616
Inventory	747,442	(66,273)
Prepaid expenses	(86,573)	29,656
Increase (decrease) in:		
Accounts payable and accrued expenses	242,909	28,777
Accrued payroll and related taxes	(96,600)	31,862
Accrued vacation pay	32,619	9,450
Grants payable	-	(32,644)
Deferred revenue	12,655	-
Net cash provided by operating activities	<u>17,108,924</u>	<u>1,271,916</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(9,000,180)	(20,000)
Proceeds from the sale of property, plant and equipment	400	7,360
Purchases of property, plant and equipment	(714,417)	(786,850)
Net cash used by investing activities	<u>(9,714,197)</u>	<u>(799,490)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments of long term debt	(28,206)	(27,083)
Net cash used by financing activities	<u>(28,206)</u>	<u>(27,083)</u>
Net increase in cash	7,366,521	445,343
Cash, beginning of year	<u>1,944,622</u>	<u>1,499,279</u>
Cash, end of year	<u>\$ 9,311,143</u>	<u>\$ 1,944,622</u>
Supplemental disclosures:		
Cash paid during the year for interest	<u>\$ 8,640</u>	<u>\$ 9,544</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

Organization

Feeding the Gulf Coast (referred to hereafter as "Food Bank") is a nonprofit, tax exempt food distribution center committed to providing nutritionally balanced food for hungry people in 24 counties located in Alabama, Florida and Mississippi. The Organization solicits, obtains and distributes donated and purchased foods to soup kitchens, pantries, shelters, and other organizations which are member agencies. These agencies provide the food to hungry people.

Summary of Significant Accounting Policies

Basis of accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Basis of presentation

The Food Bank follows standards of accounting and financial reporting for voluntary health and welfare organizations. In accordance with accounting principles accepted in the United States of America, the Food Bank reports its financial position and operating activities in two classes of net assets: without donor restrictions and with donor restrictions.

Net assets without donor restrictions – include those assets over which the Board of Directors has discretionary control in carrying out the operations of the Food Bank. Under this category, the Food Bank maintains an operating fund, any net assets designated by the Board for specific purposes and the unrestricted inventory and property and equipment funds.

Net assets with donor restrictions – include those assets which are subject to donor restriction and for which the applicable restriction was not met as of the end of the current reporting period.

Recognition of donor restricted contributions

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions 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 net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Contributions

Contributions, including unconditional promises to give, are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give due in the next year are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reported at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are to be received.

Cash

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

Summary of Significant Accounting Policies (continued)

Accounts, grants and pledges receivable

Accounts receivable represent amounts due from affiliated agencies and are stated at the amount the Food Bank expects to collect for shared maintenance fees. Government grants receivable represent grants from government agencies. Promises to give represent contributions receivable. Contributions that are promised in one year but are not expected to be collected until after the end of that year are discounted at an appropriate discount rate commensurate with the risk involved if the amount is considered material. Amortization of any such discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for doubtful accounts is established based on management's judgement and including such factors as prior collection history, type of receivable and current aging of receivable. Receivables are charged against the allowance when the Food Bank determines that the payments will not be received. Any subsequent receipts are credited to the allowance. The allowance for doubtful accounts at December 31, 2020 and 2019 was \$50,000 and \$50,000, respectively. Changes in the valuation allowance have not been material to the financial statements.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

The Food Bank values its financial assets and liabilities based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value hierarchy that prioritizes the inputs to valuation techniques is used to measure fair value. The hierarchy maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. The hierarchy is broken down into the following three levels, based on the reliability of the inputs:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that are observable at the measurement date;

Level 2: Significant observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data; and

Level 3: Significant unobservable inputs for the asset or liability that reflect the Food Bank's best estimate about the assumptions that market participants would use in pricing the asset or liability.

Inventory

Inventory consists of donated non-government food, purchased food and United States Department of Agriculture (USDA) food commodities received from the government. Donated non-government products were valued at \$1.74 and \$1.62 per pound for the years ended December 31, 2020 and 2019, respectively. Donated government food was valued at \$1.49 and \$1.52 per pound for the years ended December 31, 2020 and 2019, respectively. This valuation is based on a cost study conducted for Feeding America. Purchased food is valued at the latest purchase price.

Summary of Significant Accounting Policies (continued)

Property and equipment

Property and equipment owned by the Food Bank is recorded at cost or at fair market value at date received if donated. The Food Bank follows the practice of capitalizing, at cost, all expenditures for fixed assets in excess of \$1,000. Depreciation is provided principally on the straight-line method over the estimated useful lives of the depreciable assets. Depreciation expense was \$399,720 and \$318,650 in 2020 and 2019, respectively.

Income taxes

Income taxes are not provided for in the financial statements since the Food Bank is exempt from federal and state income taxes under section 501 (c)(3) of the Internal Revenue Code and similar state provisions. The Food Bank is not classified as a private foundation.

A policy for accounting for uncertainty in income taxes was adopted in prior years that require the Food Bank to determine whether it is more likely than not that a tax position will be sustained upon examination based on the technical merits of the position. The Food Bank has no uncertain tax positions that qualified for either recognition or disclosure in the financial statements at December 31, 2020 or December 31, 2019.

Donated materials and services

Donated materials or equipment, when received, are reflected as contributions in the accompanying financial statements at their estimated fair market values at the date of receipt. No amounts have been reflected in the statements for donated services as no objective basis is available to measure the value of such services. Nevertheless, a substantial number of volunteers donated significant amounts of their time in the Food Bank's program services.

Cost allocation

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include compensation and benefits, which are allocated on the basis of estimates of time and effort, as well as depreciation, occupancy and telephone costs which are allocated based on the ratio of program revenue to total revenue.

Estimates

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

Evaluation of subsequent events

The Food Bank has evaluated subsequent events through May 18, 2021, the date which the financial statements were available to be issued.

Restrictions on Net Assets

Net assets with donor restrictions are available for the following purposes or periods at December 31:

	<u>2020</u>	<u>2019</u>
Grants	\$ 829,620	\$ 1,059,019
Backpack	161,071	162,768
Direct mail	41,165	19,880
Mobile pantry	-	575
Hurricane Michael	176,178	340,464
Covid-19	1,640,671	-
Hurricane Sally	356,029	-
Total	<u>\$ 3,204,734</u>	<u>\$ 1,582,706</u>

Promises to Give

Unconditional promises to give at December 31 are as follows:

	<u>2020</u>	<u>2019</u>
Promises without donor restrictions	\$ 87,227	\$ 60,709
Gross unconditional promises to give	87,227	60,709
Less allowance for uncollectible promises	-	-
Net unconditional promises to give	<u>\$ 87,227</u>	<u>\$ 60,709</u>
Amounts due in:		
Less than one year	\$ 87,227	\$ 60,709
One to five years	-	-
Gross unconditional promises to give	<u>\$ 87,227</u>	<u>\$ 60,709</u>

Investments

2020

Fair value measurements using

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash	\$ 9,002,348	\$ -	\$ -	\$ 9,002,348
Certificate of Deposit	20,121	-	-	20,121
Equities	1,082	-	-	1,082
Bond Funds	30,532	-	-	30,532
Equity Funds	42,370	-	-	42,370
Exchange Traded Funds	154,923	-	-	154,923
Total	<u>\$ 9,251,376</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,251,376</u>

Investments (continued)

2019

Fair value measurements using

	Level 1	Level 2	Level 3	Total
Cash	\$ 1,724	\$ -	\$ -	\$ 1,724
Money Market Funds	2,500	-	-	2,500
Certificate of Deposit	20,040	-	-	20,040
Bond Funds	29,041	-	-	29,041
Equity Funds	35,298	-	-	35,298
Exchange Traded Funds	120,434	-	-	120,434
Total	\$ 209,037	\$ -	\$ -	\$ 209,037

Investment return for the years ended December 31, 2020 and 2019 are summarized as follows:

	Without Donor Restrictions	2020 With Donor Restrictions	Total
Interest and dividend income	\$ 6,679	\$ -	\$ 6,679
Realized gains (losses)	(2,343)	-	(2,343)
Unrealized gains (losses)	29,802	-	29,802
Administrative fees	(1,000)	-	(1,000)
Total	\$ 33,138	\$ -	\$ 33,138

	Without Donor Restrictions	2019 With Donor Restrictions	Total
Interest and dividend income	\$ 12,613	\$ -	\$ 12,613
Realized gains (losses)	(1,885)	-	(1,885)
Unrealized gains (losses)	32,440	-	32,440
Administrative fees	(1,000)	-	(1,000)
Total	\$ 42,168	\$ -	\$ 42,168

Governing Board Designations

Feeding the Gulf Coast's governing board has designated, from net assets without donor restrictions of \$22,680,256 and \$7,924,900 as of December 31, 2020 and 2019, respectively, net assets for the following purposes as of December 31:

	<u>2020</u>	<u>2019</u>
Operating reserve	\$ 3,000,000	\$ -
Capital projects	3,000,000	-
Quasi endowment	<u>3,000,000</u>	<u>-</u>
Total	<u>\$ 9,000,000</u>	<u>\$ -</u>

Liquidity and Availability of Financial Assets

The following reflects the Food Bank's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

	<u>2020</u>	<u>2019</u>
Financial assets at year-end	\$ 19,388,501	\$ 2,501,568
Less those unavailable for general expenditures within one year, due to:		
Donor restrictions	3,204,734	1,582,706
Board designations: Operating reserve	3,000,000	-
Board designations: Capital projects	3,000,000	-
Board designations: Quasi endowment	<u>3,000,000</u>	<u>-</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 7,183,767</u>	<u>\$ 918,862</u>

Inventory

Inventory consists of donated non-government food, purchased food and United States Department of Agriculture (USDA) food commodities received from the government. Donated non-government products are valued at \$1.74 and \$1.62 per pound for the years ended December 31, 2020 and 2019, respectively. Donated government food was valued at \$1.49 and \$1.52 per pound for the years ended December 31, 2020 and 2019, respectively. This valuation is based on a cost study conducted for Feeding America.

Inventory consists of the following:

	<u>2020</u>	<u>2019</u>
USDA food commodities	\$ 1,071,860	\$ 2,172,489
Donated non-government food	494,958	417,466
Purchased food	<u>543,591</u>	<u>267,896</u>
Total	<u>\$ 2,110,409</u>	<u>\$ 2,857,851</u>

Furniture, Fixtures and Equipment

Furniture, fixtures and equipment at December 31 are summarized as follows:

	<u>2020</u>	<u>2019</u>
Land	\$ 253,345	\$ 253,345
Building and improvements	4,863,915	4,697,978
Warehouse equipment	951,264	849,534
Office equipment	372,199	333,446
Transportation equipment	2,090,175	1,756,376
Construction in progress	129,890	71,274
	<u>8,660,788</u>	<u>7,961,953</u>
Less accumulated depreciation	<u>3,571,023</u>	<u>3,186,885</u>
Total	<u>\$ 5,089,765</u>	<u>\$ 4,775,068</u>

Borrowings

Line of Credit

On May 16, 2018, the Food Bank obtained a \$750,000 revolving line of credit with no commitment as of December 31, 2020. The loan is a demand note, but if no demand is made, the terms of the line of credit call for interest to be payable monthly at a variable rate which is one-half percent above the bank's prime lending rate and the principal due at maturity which is May 16, 2021. The line of credit is secured by real estate.

Notes Payable

Notes payable consist of the following:

	<u>2020</u>	<u>2019</u>
Monthly installments through December, 2025 of \$2,550 including interest at a rate of 4.09%. The mortgage is secured by real estate.	\$ 137,873	\$ 162,184
Monthly installments through May, 2021 of \$521 including interest at a rate of 4.15%. A balloon payment of \$52,144 will be due in May 2021. The note is secured by real estate.	<u>53,717</u>	<u>57,612</u>
Total	<u>\$ 191,590</u>	<u>\$ 219,796</u>

Borrowings (continued)

Aggregate maturities or payments required on principal under notes payable for each of the succeeding years are as follows:

2021	\$	79,174
2022		26,518
2023		27,624
2024		28,775
2025		29,499
Thereafter		-
Total	\$	<u>191,590</u>

Federal Financial Assistance

The Organization received a Paycheck Protection Program Promissory Note through a bank which was issued by the Small Business Administration on April 24, 2020 in the amount of \$657,000. Under the Cares Act, the Organization has the opportunity to have the loan forgiven if certain compliance requirements are met for a period greater than eight-weeks but less than 24 weeks following the date of the loan. The loan requires no collateral, can be deferred for six months, has an interest rate of 1% and will mature in two years. The Organization believes it is in compliance with all requirements to have the loan forgiven and as such the loan has been accounted for as a conditional contribution.

	<u>2020</u>
Refundable advance, beginning of year	\$ -
Grant receipts	657,000
Grant expenditures	<u>(657,000)</u>
Refundable advance, end of year	<u>\$ -</u>

Shared Maintenance Fees

The Food Bank receives fees from participating agencies to assist in the costs of distributing food. These shared maintenance fees are based upon predetermined rates from \$0 to \$0.19 per pound or an average of \$0.09 per pound for the year ended December 31, 2020. Total shared maintenance fees during the years ended December 31, 2020 and 2019, totaled \$2,681,975 and \$2,095,686, respectively.

Retirement Plan

The Food Bank sponsors a savings incentive match plan in which substantially all employees are eligible to participate. This plan allows eligible employees to save a portion of their salary on a pre-tax basis. The Food Bank makes monthly contributions to this plan which aggregated \$50,625 and \$50,774 for the years ended December 31, 2020 and 2019, respectively.

Concentration of Credit Risk

The Food Bank serves various nonprofit agencies located in Alabama, Florida, and Mississippi. The Food Bank is dependent on the generosity of food suppliers and the general public for contributions. The Food Bank also receives grants from United Way.

At various times during the year, the Food Bank's cash in bank balances exceeded federally insured limits. At December 31, 2020, the Food Bank had approximately \$18,425,000 in uninsured cash. It is the opinion of management that the solvency of the referenced financial institutions is not of particular concern at this time.

Risks and Uncertainties

In March 2020, the World Health Organization ("WHO") declared the coronavirus (COVID 19), a global pandemic and public health emergency. The WHO has recommended containment and mitigation measures worldwide and domestically, self-isolation and shelter-in-place requirements have been or are being put in place.

At this point, the Organization cannot reasonably estimate the length or severity of this pandemic, or the extent to which this disruption may impact the Organization's financial statements and future results of operations. The Organization will continue to monitor and evaluate the nature and extent of the impact on our ongoing activities and the potential effect on future contributions or funding and expenses, financial condition and liquidity.

Commitments and Contingencies

Grants and contracts awarded to Feeding the Gulf Coast are subject to the funding agencies' criteria, contract terms and regulations under which expenditures may be charged are subject to audit under such terms, regulations and criteria. Occasionally, such audits may determine that certain costs incurred against the grants do not comply with the established criteria that govern them. In such cases, the Food Bank could be held responsible for repayments to the funding agency for the costs or be subject to reductions of future funding in the amount of the costs. Management does not anticipate any material questioned costs for the contracts and grants administered during the period.

Restatement

The December 31, 2018 financial statements have been restated to reflect the following adjustments:

(a) Shared maintenance fees were reduced by \$69,968 from \$2,066,097 to \$1,996,129 due to incorrectly recording shared maintenance fees for certain sites participating in the child nutrition program which should have been excluded.

(b) Accounts receivable was reduced \$69,968 from \$126,426 to \$56,458 due to incorrectly recording accounts receivable for certain sites participating in the child nutrition program which should have been excluded.

SUPPLEMENTARY INFORMATION

FEEDING THE GULF COAST

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2020

Federal Grantor/Program Title	Federal CFDA Number	Pass Through Entity Identifying Number	Federal Expenditures	Expenditures to Subrecipients
U. S. Department of Agriculture Pass Through Programs From:				
Commodity Supplemental Food Program - (CSFP) State of Alabama Department of Education	10.565		\$ 45,261	\$ -
Commodity Supplemental Food Program - (CSFP) State of Alabama Department of Education - non cash assistance	10.565		165,142	-
Commodity Supplemental Food Program - (CSFP) Florida Department of Agriculture and Consumer Services	10.565	22189	35,287	11,472
Commodity Supplemental Food Program - (CSFP) Florida Department of Agriculture and Consumer Services - non cash assistance	10.565	22189	100,065	33,356
Total Commodity Supplemental Food Program			\$ 345,755	\$ 44,828
Emergency Food Assistance Program CARES Act (Administrative Costs) - State of Alabama Department of Education	10.568		\$ 689,683	\$ -
Emergency Food Assistance Program CARES Act (Administrative Costs) - Florida Department of Agriculture and Consumer Services	10.568	16951	296,886	-
Emergency Food Assistance Program (Administrative Costs) - State of Alabama Department of Education	10.568		443,701	-
Emergency Food Assistance Program (Administrative Costs) - Florida Department of Agriculture and Consumer Services	10.568	16951	842,874	-
Total Emergency Food Assistance Program (Administrative Costs)			\$ 2,273,144	\$ -
Emergency Food Assistance Program (Food Commodities) - State of Alabama Department of Education	10.569		5,379,567	-
Emergency Food Assistance Program (Food Commodities) - Florida Department of Agriculture and Consumer Services	10.569	16951	6,745,673	-
Total Emergency Food Assistance Program (Food Commodities)			\$ 12,125,240	\$ -
Total Food Distribution Cluster			\$ 14,744,139	\$ 44,828

The accompanying notes are an integral part of this schedule.

FEEDING THE GULF COAST
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2020

Federal Grantor/Program Title	Federal CFDA Number	Pass Through Entity Identifying Number	Federal Expenditures	Expenditures to Subrecipients
Trade Mitigation Program Foods - State of Alabama Department of Education	10.178		\$ 202,670	-
Trade Mitigation Program Foods - Florida Department of Agriculture and Consumer Services	10.178	26184	217,230	-
Total Trade Mitigation Program Foods			\$ 419,900	-
Child and Adult Care Food Program - State of Alabama Department of Education	10.558	AM4	\$ 490,245	-
Child and Adult Care Food Program - State of Mississippi Department of Education	10.558	V0002082760	74,909	-
Child and Adult Care Food Program - State of Florida Department of Health	10.558	A-3222	687,951	-
Total Child and Adult Care Food Program			\$ 1,253,105	-
Summer Food Service Program for Children - State of Alabama Department of Education	10.559	AM4	\$ 1,473,043	-
Summer Food Service Program for Children - State of Mississippi Department of Education	10.559	V0002082760	118,065	-
Summer Food Service Program for Children - Florida Department of Agriculture and Consumer Services	10.559	04-0293	758,654	-
Total Summer Food Service Program for Children			\$ 2,349,762	-
Total Child Nutrition Cluster			\$ 2,349,762	-
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program - State of Alabama Department of Human Resources	10.561	4531	\$ 189,042	-
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program - State of Mississippi Department of Human Services	10.561	015B4411	186,544	-
Total State Administrative Matching Grants for the Supplemental Nutrition Assistance Program			\$ 375,586	-
Total SNAP Cluster			\$ 375,586	-
Farm to School Grant Program - USDA Food and Nutrition Service Grant and Fiscal Policy Division	10.575	CN-FZ5-MP-19-AL-1	\$ 13,137	-
Total Farm to School Grant Program			\$ 13,137	-
Total U. S. Department of Agriculture			\$ 19,155,629	\$ 44,828

FEEDING THE GULF COAST
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2020

Federal Grantor/Program Title	Federal CFDA Number	Pass Through Entity Identifying Number	Federal Expenditures	Expenditures to Subrecipients
Department of Treasury Pass Through Programs From:				
Coronavirus Relief Fund - Alabama Food Bank Association	21.019		\$ 514,826	\$ -
Coronavirus Relief Fund - Escambia County, Florida	21.019	Y2289	650,000	-
Coronavirus Relief Fund - Holmes County, Florida	21.019		37,016	-
Coronavirus Relief Fund - State of Alabama	21.019		15,000	-
Total Coronavirus Relief Fund			\$ 1,216,842	\$ -
Total Department of Treasury			\$ 1,216,842	\$ -
Department of Health and Human Services Pass Through Programs From:				
Temporary Assistance for Needy Families - Alabama Food Bank Association	93.555		\$ 320,849	\$ -
Total Temporary Assistance For Needy Families			\$ 320,849	\$ -
Total 477 Cluster			\$ 320,849	\$ -
Total Department of Health and Human Services			\$ 320,849	\$ -
Department of Homeland Security Pass Through Programs From:				
Emergency Food and Shelter National Board Program - United Way of Southwest Alabama, Inc.	97.024	013200-007	\$ 12,466	\$ -
Emergency Food and Shelter National Board Program - United Way of Washington County, Alabama	97.024	617500-001	1,062	-
Emergency Food and Shelter National Board Program - United Way of Bay County, Florida	97.024	156200-016	5,668	-
Emergency Food and Shelter National Board Program - United Way of Escambia County, Florida	97.024	161200-018	6,740	-
Emergency Food and Shelter National Board Program - United Way of Santa Rosa County, Florida	97.024	171200-007	5,448	-
Total Emergency Food and Shelter National Board Program			\$ 33,404	\$ -
Emergency Food and Shelter National Board Program - CARES Act - United Way of Washington County, Alabama	97.024	017000-001	1,515	\$ -
Emergency Food and Shelter National Board Program - CARES Act - United Way of Escambia County, Florida	97.024	161200-018	5,930	-
Emergency Food and Shelter National Board Program - CARES Act - United Way of Santa Rosa County, Florida	97.024	171200-007	22,500	-
Emergency Food and Shelter National Board Program - CARES Act - United Way of Southwest Alabama	97.024	013200-007	17,802	-
Emergency Food and Shelter National Board Program - CARES Act - United Way of Jackson County, Mississippi	97.024	516000-013	6,500	-
Emergency Food and Shelter National Board Program - CARES Act - United Way of Okaloosa County, Florida	97.024	167600-014	25,500	-
Total Emergency Food and Shelter National Board Program - CARES Act			\$ 79,747	\$ -
Total Department of Homeland Security			\$ 113,151	\$ -
Total Expenditures of Federal Awards			\$20,809,471	\$ 44,828

The accompanying notes are an integral part of this schedule.

FEEDING THE GULF COAST

NOTES to the SCHEDULE of EXPENDITURES of FEDERAL AWARDS For the Year Ended December 31, 2020

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Feeding the Gulf Coast under programs of the federal government for the year ended December 31, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Feeding the Gulf Coast, it is not intended to and does not present the financial position, changes in net position, or cash flows of Feeding the Gulf Coast.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Feeding the Gulf Coast has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE C – FOOD DONATION

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At December 31, 2020, the Organization had USDA food commodities totaling \$1,071,860.

Pass-through identifying numbers are presented where available.

FEEDING THE GULF COAST

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended December 31, 2020**

There is no schedule of prior year audit findings as of and for the year ended December 31, 2020.

Kim K. Enikeieff
Certified Public Accountant
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**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
Feeding the Gulf Coast
Mobile, Alabama

I 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 Feeding the Gulf Coast (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated May 18, 2021.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Feeding the Gulf Coast's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Feeding the Gulf Coast's internal control. Accordingly, I do not express an opinion on the effectiveness of Feeding the Gulf Coast'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.

My 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 that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I 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 Feeding the Gulf Coast's financial statements are free from material misstatement, I 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my 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 my 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.

Kim K. Enikeieff

May 18, 2021

Kim K. Enikeieff
Certified Public Accountant
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors
Feeding the Gulf Coast
Mobile, Alabama

Report on Compliance for Each Major Federal Program

I have audited Feeding the Gulf Coast's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Feeding the Gulf Coast's major federal programs for the year ended December 31, 2020. Feeding the Gulf Coast'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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of Feeding the Gulf Coast's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that I 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 Feeding the Gulf Coast's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of Feeding the Gulf Coast's compliance.

Opinion on Each Major Federal Program

In my opinion, Feeding the Gulf Coast, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

Report on Internal Control Over Compliance

Management of Feeding the Gulf Coast is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered Feeding the Gulf Coast'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 federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of Feeding the Gulf Coast'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 a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

My 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. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Kim K. Enikeieff

May 18, 2021

FEEDING THE GULF COAST

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2020**

SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on whether the financial statements of Feeding the Gulf Coast were prepared in accordance with GAAP.
2. There were no significant deficiencies disclosed during the audit of the financial statements of Feeding the Gulf Coast. No material weaknesses are reported.
3. No instances of noncompliance material to the financial statements of Feeding the Gulf Coast were disclosed during the audit.
4. No significant deficiencies or material weaknesses in internal control over major federal award programs were disclosed during the audit of the financial statements of Feeding the Gulf Coast.
5. The auditor's report on compliance for the major federal award programs for Feeding the Gulf Coast expresses an unmodified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with 2 CFR section 200.516 (a) are reported in this Schedule.
7. The programs tested as major programs were: CFDA 10.565 - U.S. Department of Agriculture Commodity Supplemental Food Program, CFDA 10.568 - U.S. Department of Agriculture Emergency Food Assistance Program (Administrative Costs), CFDA 10.569 - U.S. Department of Agriculture Emergency Food Assistance Program (Food Commodities) and CFDA 21.019 - U.S. Department of Treasury Coronavirus Relief Fund.
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. Feeding the Gulf Coast was determined to be a low-risk auditee.

FINDINGS-FINANCIAL STATEMENT AUDIT

NONE

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

NONE