

**FEEDING THE GULF COAST**

**FINANCIAL REPORT**

**DECEMBER 31, 2021**

## TABLE OF CONTENTS

	Page
Independent Auditor's Report	1
Financial Statements	
Statements of financial position	4
Statements of activities	5
Statements of functional expenses	7
Statements of cash flows	9
Notes to financial statements	10
Supplementary Information	
Schedule of Expenditures of Federal Awards	21
Notes to Schedule of Expenditures of Federal Awards	24
Summary Schedule of Prior Audit Findings	25
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>	26
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by The Uniform Guidance	28
Schedule of Findings and Questioned Costs	31

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**INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Feeding the Gulf Coast  
Mobile, Alabama

**Report on the Audit of the Financial Statements**

**Opinion**

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, 2021 and 2020, 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 my opinion, the financial statements present fairly, in all material respects, the financial position of Feeding the Gulf Coast as of December 31, 2021 and 2020, 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**

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. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Feeding the Gulf Coast and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audits. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**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 Feeding the Gulf Coast's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

My objective is 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 my 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*, I:

- 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 Feeding the Gulf Coast'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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Feeding the Gulf Coast's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

## **Supplementary 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 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*, I have also issued my report dated May 17, 2022, 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*

May 17, 2022

**FEEDING THE GULF COAST**  
**STATEMENTS OF FINANCIAL POSITION**  
**December 31, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Assets		
Cash	\$ 8,223,505	\$ 9,311,143
Promises to give without donor restrictions	91,350	87,227
Accounts receivable, less allowance for doubtful accounts of \$50,000 for 2021 and \$50,000 for 2020	43,585	61,685
Grants and other receivables	536,644	677,070
Inventory		
Contributed food	3,225,184	1,566,818
Purchased food	640,950	543,591
Prepaid expenses	106,813	102,787
Investments	12,000,832	9,251,376
Property, plant and equipment - net	<u>5,782,815</u>	<u>5,089,765</u>
Total assets	<u>\$ 30,651,678</u>	<u>\$ 26,691,462</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accounts payable and other accrued expenses	\$ 165,461	\$ 433,884
Accrued payroll and related taxes	61,431	50,050
Accrued vacation pay	109,269	118,293
Deferred revenue	-	12,655
Grants payable	107,072	-
Notes payable	<u>-</u>	<u>191,590</u>
Total liabilities	<u>443,233</u>	<u>806,472</u>
Net assets		
Without donor restrictions:		
Undesignated	9,802,978	7,215,263
Contributed food	3,225,184	1,566,818
Property and equipment	5,782,815	4,898,175
Board designated for operating reserve	3,000,000	3,000,000
Board designated for capital projects	3,000,000	3,000,000
Board designated for quasi endowment	3,000,000	3,000,000
Total without donor restrictions	<u>27,810,977</u>	<u>22,680,256</u>
With donor restrictions	<u>2,397,468</u>	<u>3,204,734</u>
Total net assets	<u>30,208,445</u>	<u>25,884,990</u>
Total liabilities and net assets	<u>\$ 30,651,678</u>	<u>\$ 26,691,462</u>

See notes to financial statements.

**FEEDING THE GULF COAST**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended December 31, 2021**

	Without Donor Restrictions		With Donor Restrictions	2021 Total
	Food Bank	Contributed Food		
Support and revenue				
Support				
Contributed food received	\$ -	\$ 37,228,155	\$ -	\$ 37,228,155
Fees and grants from government agencies	2,360,371	-	-	2,360,371
Child Nutrition Program	3,628,468	-	-	3,628,468
Supplemental Nutrition Assistance Program	364,761	-	-	364,761
United Way Allocation	20,169	-	-	20,169
Emergency Food and Shelter	170,719	-	-	170,719
Contributions and grants	4,860,405	-	-	4,860,405
<b>Total support</b>	<b>11,404,893</b>	<b>37,228,155</b>	<b>-</b>	<b>48,633,048</b>
Revenue				
Shared maintenance	3,039,887	-	-	3,039,887
Membership fees	43,870	-	-	43,870
Investment income	43,292	-	-	43,292
Other income	70,646	-	-	70,646
Fundraising	71,132	-	-	71,132
Gain (loss) on disposal of equipment	12,000	-	-	12,000
<b>Total revenue</b>	<b>3,280,827</b>	<b>-</b>	<b>-</b>	<b>3,280,827</b>
Net assets released from restrictions	807,266	-	(807,266)	-
<b>Total support and revenue</b>	<b>15,492,986</b>	<b>37,228,155</b>	<b>(807,266)</b>	<b>51,913,875</b>
Expenses				
Program services				
Contributed food distributed	-	35,569,789	-	35,569,789
Transportation	1,118,485	-	-	1,118,485
Supplemental Nutrition Assistance Program	892,251	-	-	892,251
Nutrition programs	4,099,937	-	-	4,099,937
Agency volunteer services	307,103	-	-	307,103
Operations general	4,184,060	-	-	4,184,060
<b>Total program services</b>	<b>10,601,836</b>	<b>35,569,789</b>	<b>-</b>	<b>46,171,625</b>
Supporting services				
Management and general	586,118	-	-	586,118
Fundraising	832,677	-	-	832,677
<b>Total expenses</b>	<b>12,020,631</b>	<b>35,569,789</b>	<b>-</b>	<b>47,590,420</b>
Change in net assets	3,472,355	1,658,366	(807,266)	4,323,455
Net assets, beginning of year	21,113,438	1,566,818	3,204,734	25,884,990
<b>Net assets, end of year</b>	<b>\$ 24,585,793</b>	<b>\$ 3,225,184</b>	<b>\$ 2,397,468</b>	<b>\$ 30,208,445</b>

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	Quasi Endowment	With Donor Restrictions	2020 Total
Support and revenue							
Support							
Contributed food received	\$ -	\$ 42,502,900	\$ -	\$ -	\$ -	\$ -	\$ 42,502,900
Fees and grants from government agencies	4,324,420	-	-	-	-	-	4,324,420
Child Nutrition Program	3,602,867	-	-	-	-	-	3,602,867
Supplemental Nutrition Assistance Program	375,586	-	-	-	-	-	375,586
Payroll Protection Program	657,000	-	-	-	-	-	657,000
United Way Allocation	46,160	-	-	-	-	-	46,160
Emergency Food and Shelter	113,151	-	-	-	-	-	113,151
Contributions and grants	6,296,398	-	3,000,000	3,000,000	3,000,000	1,622,028	16,918,426
<b>Total support</b>	<b>15,415,582</b>	<b>42,502,900</b>	<b>3,000,000</b>	<b>3,000,000</b>	<b>3,000,000</b>	<b>1,622,028</b>	<b>68,540,510</b>
Revenue							
Shared maintenance	2,681,975	-	-	-	-	-	2,681,975
Membership fees	45,490	-	-	-	-	-	45,490
Investment income	33,138	-	-	-	-	-	33,138
Other income	78,658	-	-	-	-	-	78,658
Fundraising	1,875	-	-	-	-	-	1,875
Gain (loss) on disposal of equipment	400	-	-	-	-	-	400
<b>Total revenue</b>	<b>2,841,536</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,841,536</b>
Net assets released from restrictions	-	-	-	-	-	-	-
<b>Total support and revenue</b>	<b>18,257,118</b>	<b>42,502,900</b>	<b>3,000,000</b>	<b>3,000,000</b>	<b>3,000,000</b>	<b>1,622,028</b>	<b>71,382,046</b>
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	-	-	-	-	-	-	-
Quasi endowment	-	-	-	-	-	-	-
<b>Total program services</b>	<b>10,049,746</b>	<b>43,526,037</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>53,575,783</b>
Supporting services							
Management and general	589,668	-	-	-	-	-	589,668
Fundraising	839,211	-	-	-	-	-	839,211
<b>Total expenses</b>	<b>11,478,625</b>	<b>43,526,037</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>55,004,662</b>
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	-	-	-	1,582,706	9,507,606
<b>Net assets, end of year</b>	<b>\$ 12,113,438</b>	<b>\$ 1,566,818</b>	<b>\$ 3,000,000</b>	<b>\$ 3,000,000</b>	<b>\$ 3,000,000</b>	<b>\$ 3,204,734</b>	<b>\$ 25,884,990</b>

See notes to financial statements.



**FEEDING THE GULF COAST**

**STATEMENT OF FUNCTIONAL EXPENSES  
For the Year Ended December 31, 2021**

	PROGRAM SERVICES					SUPPORTING SERVICES			
	Supplemental Nutrition Assistance Program	Nutrition Programs	Agency Volunteer Services	Operations and Facilities	Total	Management and General	Fundraising	2021 Total Expenses	
Salaries	\$ 399,421	\$ 478,418	\$ 491,766	\$ 245,545	\$ 599,703	\$ 2,214,853	\$ 353,126	\$ 347,618	\$ 2,915,597
Payroll taxes	30,652	36,522	37,196	18,456	44,400	167,226	26,218	26,545	219,989
Employee benefits	55,836	72,756	52,734	27,249	100,493	309,068	40,195	51,866	401,129
Total personnel	485,909	587,696	581,696	291,250	744,596	2,691,147	419,539	426,029	3,536,715
Bad debts	-	-	-	-	-	-	-	-	-
Bank charges	-	-	-	-	422	422	650	142	1,214
Conferences	122	5,582	283	224	2,315	8,526	14,606	3,167	26,299
Contract labor	11,921	-	44,106	-	38,878	94,905	561	-	95,466
Direct mail expense	-	-	-	-	-	-	-	259,082	259,082
Dues and membership fees	1,140	5,747	700	-	8,751	16,338	14,107	3,715	34,160
Equipment rental	20,943	112	46,528	-	15,393	82,976	407	-	83,383
Food procurement	-	-	3,353,798	-	2,386,632	5,740,430	-	-	5,740,430
Freight-in	-	-	2,856	-	132,001	134,857	-	-	134,857
Gas and oil	152,040	1,860	26,107	819	75	180,901	102	524	181,527
Insurance	122,701	-	-	-	147,369	270,070	12,790	-	282,860
Information system expense	-	23,803	2,539	2,359	74,584	103,285	649	18,063	121,997
Interest expense	-	-	-	-	4,534	4,534	-	-	4,534
Marketing expense	3,942	103,412	21,383	2,748	4,485	135,970	235	50,644	186,849
Miscellaneous	1,045	58,763	8,682	1,586	13,853	83,929	38,175	60,072	182,176
Professional fees	-	-	-	-	-	-	49,821	-	49,821
Repairs and maintenance	117,077	622	8,278	-	181,620	307,597	-	-	307,597
Special events	-	-	-	-	-	-	325	-	325
Supplies and postage	26	103,630	2,621	7,109	49,519	162,905	13,415	11,239	187,559
Travel	-	-	-	66	-	66	-	-	66
Utilities	3,015	1,024	360	942	178,318	183,659	-	-	183,659
Total expenses before contributed food distributed and depreciation	919,881	892,251	4,099,937	307,103	3,983,345	10,202,517	565,382	832,677	11,600,576
Contributed food distributed	-	-	-	-	35,569,789	35,569,789	-	-	35,569,789
Depreciation	198,604	-	-	-	200,715	399,319	20,736	-	420,055
Total expenses	<u>\$ 1,118,485</u>	<u>\$ 892,251</u>	<u>\$ 4,099,937</u>	<u>\$ 307,103</u>	<u>\$ 39,753,849</u>	<u>\$ 46,171,625</u>	<u>\$ 586,118</u>	<u>\$ 832,677</u>	<u>\$ 47,590,420</u>

See notes to financial statements.

**FEEDING THE GULF COAST**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended December 31, 2020**

	PROGRAM SERVICES							SUPPORTING SERVICES			2020 Total Expenses	
	Transportation	Supplemental Nutrition Assistance Program	Nutrition Programs	Agency Volunteer Services	Operations and Facilities	Operating Reserve	Capital Projects	Quasi Endowment	Total	Management and General		Fundraising
Salaries	\$ 324,031	\$ 473,601	\$ 514,115	\$ 295,433	\$ 822,146	\$ -	\$ -	\$ -	\$ 2,429,326	\$ 365,410	\$ 346,728	\$ 3,141,464
Payroll taxes	24,187	35,867	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	597,284	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	10,862	2,642	576	401	-	-	-	15,039	5,572	15,243	35,854
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	24,694	-	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	105,299	-	-	-	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	68,081	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	-	-	-	-	-	-	-	-	-	-	-	-
Supplies and postage	196	49,811	6,802	294	61,934	-	-	-	119,037	3,541	21,895	144,473
Travel	-	46	10	61	20	-	-	-	137	-	-	137
Utilities	3,090	1,424	330	935	182,738	-	-	-	188,517	-	260	188,777
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	-	-	-	209,779	-	-	-	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

See notes to financial statements.

**FEEDING THE GULF COAST**  
**STATEMENTS OF CASH FLOWS**  
**For the Years Ended December 31, 2021 and 2020**

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 4,323,455	\$ 16,377,384
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	420,055	399,720
Bad debt expense	-	2,491
Donated stocks and bonds	(6,356)	(10,690)
Net realized and unrealized (gain) loss on investments	(43,225)	(31,469)
Gain on the disposal of equipment	(12,000)	(400)
(Increase) decrease in:		
Unconditional promises to give without donor restrictions	(4,123)	(26,518)
Accounts receivable	18,100	(31,761)
Grants and other receivables	140,426	(422,285)
Inventory	(1,755,725)	747,442
Prepaid expenses	(4,026)	(86,573)
Increase (decrease) in:		
Accounts payable and accrued expenses	(268,423)	242,909
Accrued payroll and related taxes	11,381	(96,600)
Accrued vacation pay	(9,024)	32,619
Deferred revenue	(12,655)	12,655
Grants payable	107,072	-
Net cash provided by operating activities	2,904,932	17,108,924
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of investments	(2,699,875)	(9,000,180)
Proceeds from the sale of property, plant and equipment	12,000	400
Purchases of property, plant and equipment	(1,113,105)	(714,417)
Net cash used by investing activities	(3,800,980)	(9,714,197)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Payments of long term debt	(191,590)	(28,206)
Net cash used by financing activities	(191,590)	(28,206)
Net increase in cash	(1,087,638)	7,366,521
Cash, beginning of year	9,311,143	1,944,622
Cash, end of year	\$ 8,223,505	\$ 9,311,143
<b>Supplemental disclosures:</b>		
Cash paid during the year for interest	\$ 4,534	\$ 8,640

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 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 judgment 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, 2021 and 2020 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 \$1.79 and \$1.74 per pound for the years ended December 31, 2021 and 2020, respectively. Donated government food was valued at \$1.70 and \$1.49 per pound for the years ended December 31, 2021 and 2020, 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 \$5,000. Depreciation is provided principally on the straight-line method over the estimated useful lives of the depreciable assets. Depreciation expense was \$420,055 and \$399,720 in 2021 and 2020, 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, 2021 or December 31, 2020.

### **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.

### **Allocation of functional expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities and the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and support services based on an analysis of personnel time and poundage of food distributed by each program.

### **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 17, 2022, the date which the financial statements were available to be issued.

## Change in Net Assets

The positive change in net assets for the years ended December 31, 2021 and 2020, continues to be largely due to operating funds raised in response to the COVID-19 pandemic as well as hurricanes. The economic fallout from the pandemic and hurricanes could last several years. The operating funds will be used in these years to address the ongoing need to provide more food to the community including more equitable access to food. Operating funds are now being used to expand the Organization's facilities to better meet this need.

## Restrictions on Net Assets

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

	2021	2020
Grants	\$ 1,660,630	\$ 829,620
Backpack	85,343	161,071
Direct mail	44,148	41,165
Hurricane Michael	-	176,178
Covid-19	452,279	1,640,671
Hurricane Sally	8,880	356,029
Hurricane Ida	146,188	-
Total	<u>\$ 2,397,468</u>	<u>\$ 3,204,734</u>

## Promises to Give

Unconditional promises to give at December 31 are as follows:

	2021	2020
Promises without donor restrictions	<u>\$ 91,350</u>	<u>\$ 87,227</u>
Gross unconditional promises to give	91,350	87,227
Less allowance for uncollectible promises	-	-
Net unconditional promises to give	<u>\$ 91,350</u>	<u>\$ 87,227</u>
Amounts due in:		
Less than one year	\$ 91,350	\$ 87,227
One to five years	-	-
Gross unconditional promises to give	<u>\$ 91,350</u>	<u>\$ 87,227</u>

## Investments

The following table sets forth by level, within the fair value hierarchy, the Food Bank's assets at fair value as of December 31, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
Cash	\$ 2,194,206	\$ -	\$ -	\$ 2,194,206
Money Market Funds	652,000	-	-	652,000
Certificate of Deposit	20,201	-	-	20,201
Equities	27,083	-	-	27,083
Bond Funds	709,942	-	-	709,942
Equity Funds	4,005,805	-	-	4,005,805
Exchange Traded Funds	<u>4,391,595</u>	<u>-</u>	<u>-</u>	<u>4,391,595</u>
Total	<u>\$ 12,000,832</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,000,832</u>

The following table sets forth by level, within the fair value hierarchy, the Food Bank's assets at fair value as of December 31, 2020:

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

Net investment income for the year consisted of the following:

	<u>2021</u>	<u>2020</u>
Interest and dividend income	\$ 87,957	\$ 6,679
Realized gains (losses)	(9,174)	(2,343)
Unrealized gains (losses)	(21,766)	29,802
Administrative fees	<u>(13,725)</u>	<u>(1,000)</u>
Total	<u>\$ 43,292</u>	<u>\$ 33,138</u>



## Investments (continued)

Details of the investments in marketable securities as of December 31, 2021:

	Fair Market Value	Cost	Unrealized Appreciation
Cash	\$ 2,194,206	\$ 2,194,206	\$ -
Money Market Funds	652,000	652,000	-
Certificate of Deposit	20,201	20,201	-
Equities	27,083	25,391	1,692
Bond Funds	709,942	723,482	(13,540)
Equity Fund	4,005,805	4,050,571	(44,766)
Exchange Traded Funds	4,391,595	4,308,571	83,024
Total	<u>\$ 12,000,832</u>	<u>\$ 11,974,422</u>	<u>\$ 26,410</u>

Details of the investments in marketable securities as of December 31, 2020:

	Fair Market Value	Cost	Unrealized Appreciation
Cash	\$ 9,002,348	\$ 9,002,348	\$ -
Certificate of Deposit	20,121	20,121	-
Equities	1,082	1,070	12
Bond Funds	30,532	29,525	1,007
Equity Fund	42,370	59,243	(16,873)
Exchange Traded Funds	154,923	99,475	55,448
Total	<u>\$ 9,251,376</u>	<u>\$ 9,211,782</u>	<u>\$ 39,594</u>

## Governing Board Designations

Feeding the Gulf Coast's governing board has designated, from net assets without donor restrictions of \$27,810,977 and \$22,680,256 as of December 31, 2021 and 2020, respectively, net assets for the following purposes as of December 31:

	2021	2020
Operating reserve	\$ 3,000,000	\$ 3,000,000
Capital projects	3,000,000	3,000,000
Quasi endowment	3,000,000	3,000,000
Total	<u>\$ 9,000,000</u>	<u>\$ 9,000,000</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>2021</u>	<u>2020</u>
Financial assets at year-end		
Cash	\$ 8,223,505	\$ 9,311,143
Investments	12,000,832	9,251,376
Accounts receivable from affiliated agencies	43,585	61,685
Government grants receivable	536,644	677,070
Promises to give	91,350	87,227
	<u>20,895,916</u>	<u>19,388,501</u>
Less those unavailable for general expenditures within one year, due to:		
Long-term investments	12,000,832	9,251,376
Donor restrictions	2,397,468	3,204,734
	<u>14,398,300</u>	<u>12,456,110</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 6,497,616</u>	<u>\$ 6,932,391</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 \$1.79 and \$1.74 per pound for the years ended December 31, 2021 and 2020, respectively. Donated government food was valued at \$1.70 and \$1.49 per pound for the years ended December 31, 2021 and 2020, respectively. This valuation is based on a cost study conducted for Feeding America.

Inventory consisted of the following:

	<u>2021</u>	<u>2020</u>
USDA food commodities	\$ 2,543,372	\$ 1,071,860
Donated non-government food	681,812	494,958
Purchased food	640,950	543,591
	<u>3,866,134</u>	<u>2,110,409</u>
Total	<u>\$ 3,866,134</u>	<u>\$ 2,110,409</u>

## Furniture, Fixtures and Equipment

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

	<u>2021</u>	<u>2020</u>
Land	\$ 253,345	\$ 253,345
Building and improvements	5,671,957	4,863,915
Warehouse equipment	1,013,859	935,682
Office equipment	425,675	372,199
Transportation equipment	2,343,974	2,105,757
Construction in progress	-	129,890
	<u>9,708,810</u>	<u>8,660,788</u>
Less accumulated depreciation	<u>3,925,995</u>	<u>3,571,023</u>
Total	<u>\$ 5,782,815</u>	<u>\$ 5,089,765</u>

## Borrowings

Notes Payable

Notes payable consist of the following:

	<u>2021</u>	<u>2020</u>
Monthly installments through December, 2025 of \$2,550 including interest at a rate of 4.09%. The mortgage is secured by real estate. The note was paid in full in August 2021.	\$ -	\$ 137,873
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. The note was paid in full in May 2021.	-	<u>53,717</u>
Total	<u>\$ -</u>	<u>\$ 191,590</u>

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

2022	\$ -
2023	-
2024	-
2025	-
2026	-
Thereafter	-
Total	<u>\$ -</u>

### **Federal Financial Assistance**

The Food Bank 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 Food Bank 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 Food Bank 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. The loan was forgiven on July 6, 2021.

	<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 \$0.12 per pound for the year ended December 31, 2021 and \$.09 per pound for the year ended December 31, 2020. Total shared maintenance fees during the years ended December 31, 2021 and 2020, totaled \$3,039,887 and \$2,681,975, 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 \$57,971 and \$50,625 for the years ended December 31, 2021 and 2020, 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, 2021, the Food Bank had approximately \$8,020,000 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 Food Bank cannot reasonably estimate the length or severity of this pandemic, or the extent to which this disruption may impact the Food Bank’s financial statements and future results of operations. The Food Bank 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.

SUPPLEMENTARY INFORMATION

**FEEDING THE GULF COAST**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended December 31, 2021**

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		\$ 42,435	\$ -
Commodity Supplemental Food Program - (CSFP) State of Alabama Department of Education - non cash assistance	10.565		178,875	-
Commodity Supplemental Food Program - (CSFP) Florida Department of Agriculture and Consumer Services	10.565	22189	65,191	14,455
Commodity Supplemental Food Program - (CSFP) Florida Department of Agriculture and Consumer Services - non cash assistance	10.565	22189	<u>193,425</u>	<u>42,888</u>
Total Commodity Supplemental Food Program			<u>\$ 479,926</u>	<u>\$ 57,343</u>
Emergency Food Assistance Program CARES Act (Administrative Costs) - State of Alabama Department of Education	10.568		\$ 12,705	\$ -
Emergency Food Assistance Program CARES Act (Administrative Costs) - Florida Department of Agriculture and Consumer Services	10.568	16951	-	-
Emergency Food Assistance Program (Administrative Costs) - State of Alabama Department of Education	10.568		700,730	-
Emergency Food Assistance Program (Administrative Costs) - Florida Department of Agriculture and Consumer Services	10.568	16951	<u>1,134,224</u>	<u>-</u>
Total Emergency Food Assistance Program (Administrative Costs)			<u>\$ 1,847,659</u>	<u>\$ -</u>
Emergency Food Assistance Program (Food Commodities) - State of Alabama Department of Education	10.569		\$ 4,303,968	\$ -
Emergency Food Assistance Program (Food Commodities) - Florida Department of Agriculture and Consumer Services	10.569	16951	<u>5,054,274</u>	<u>-</u>
Total Emergency Food Assistance Program (Food Commodities)			<u>\$ 9,358,242</u>	<u>\$ -</u>
Total Food Distribution Cluster			<u>\$ 11,685,827</u>	<u>\$ 57,343</u>

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, 2021**

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		\$ 40,195	\$ -
Trade Mitigation Program Foods - Florida Department of Agriculture and Consumer Services	10.178	26184	-	-
<b>Total Trade Mitigation Program Foods</b>			<b>\$ 40,195</b>	<b>\$ -</b>
Child and Adult Care Food Program CARES Act - State of Alabama Department of Education	10.558	AM4	\$ 85,877	\$ -
Child and Adult Care Food Program CARES Act - State of Mississippi Department of Education	10.558	V0002082760	23,609	-
Child and Adult Care Food Program CARES Act - State of Florida Department of Health	10.558	A-3222	9,755	-
Child and Adult Care Food Program - State of Alabama Department of Education	10.558	AM4	395,238	-
Child and Adult Care Food Program - State of Mississippi Department of Education	10.558	V0002082760	69,939	-
Child and Adult Care Food Program - State of Florida Department of Health	10.558	A-3222	68,211	-
<b>Total Child and Adult Care Food Program</b>			<b>\$ 652,629</b>	<b>\$ -</b>
Summer Food Service Program for Children - State of Alabama Department of Education	10.559	AM4	\$ 1,514,943	\$ -
Summer Food Service Program for Children - State of Mississippi Department of Education	10.559	V0002082760	190,846	-
Summer Food Service Program for Children - Florida Department of Agriculture and Consumer Services	10.559	04-0293	1,270,050	-
<b>Total Summer Food Service Program for Children</b>			<b>\$ 2,975,839</b>	<b>\$ -</b>
<b>Total Child Nutrition Cluster</b>			<b>\$ 2,975,839</b>	<b>\$ -</b>
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program - State of Alabama Department of Human Resources	10.561	4531	\$ 176,382	\$ -
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program - State of Mississippi Department of Human Services	10.561	015B4411	188,379	-
<b>Total State Administrative Matching Grants for the Supplemental Nutrition Assistance Program</b>			<b>\$ 364,761</b>	<b>\$ -</b>
<b>Total SNAP Cluster</b>			<b>\$ 364,761</b>	<b>\$ -</b>
<b>Total U. S. Department of Agriculture</b>			<b>\$ 15,719,251</b>	<b>\$ 57,343</b>

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, 2021**

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 - Mississippi Gulf Coast Community Foundation	21.019		<u>\$ 130,424</u>	<u>\$ -</u>
Total Coronavirus Relief Fund			<u>\$ 130,424</u>	<u>\$ -</u>
Total Department of Treasury			<u>\$ 130,424</u>	<u>\$ -</u>
Department of Health and Human Services Pass Through Programs From:				
Temporary Assistance for Needy Families - Alabama Food Bank Association	93.558		<u>\$ 234,467</u>	<u>\$ -</u>
Total Temporary Assistance For Needy Families			<u>\$ 234,467</u>	<u>\$ -</u>
Total 477 Cluster			<u>\$ 234,467</u>	<u>\$ -</u>
Total Department of Health and Human Services			<u>\$ 234,467</u>	<u>\$ -</u>
Department of Homeland Security Pass Through Programs From:				
Emergency Food and Shelter National Board Program - United Way of Southwest Alabama	97.024	013200-007	\$ 41,814	\$ -
Emergency Food and Shelter National Board Program - United Way of Washington County, Alabama	97.024	017000-001	3,171	-
Emergency Food and Shelter National Board Program - United Way of Bay County, Florida	97.024	156200-016	7,000	-
Emergency Food and Shelter National Board Program - United Way of Escambia County, Florida	97.024	161200-018	11,260	-
Emergency Food and Shelter National Board Program - United Way of Santa Rosa County, Florida	97.024	171200-007	4,151	-
Emergency Food and Shelter National Board Program - United Way of Harrison County, Mississippi	97.024	513600-036	<u>15,000</u>	<u>-</u>
Total Emergency Food and Shelter National Board Program			<u>\$ 82,396</u>	<u>\$ -</u>
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	24,750	-
Emergency Food and Shelter National Board Program - CARES Act - United Way of Southwest, Alabama	97.024	013200-007	19,128	-
Emergency Food and Shelter National Board Program - CARES Act - United Way of Jackson County, Mississippi	97.024	515000-013	6,500	-
Emergency Food and Shelter National Board Program - CARES Act - United Way of Okaloosa County, Florida	97.024	167600-014	25,500	-
Emergency Food and Shelter National Board Program - CARES Act - United Way of Bay County, Florida	97.024	156200-016	<u>5,000</u>	<u>-</u>
Total Emergency Food and Shelter National Board Program - CARES Act			<u>\$ 88,323</u>	<u>\$ -</u>
Total Department of Homeland Security			<u>\$ 170,719</u>	<u>\$ -</u>
Total Expenditures of Federal Awards			<u>\$ 16,254,861</u>	<u>\$ 57,343</u>

## FEEDING THE GULF COAST

### NOTES to the SCHEDULE of EXPENDITURES of FEDERAL AWARDS For the Year Ended December 31, 2021

#### 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, 2021. 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, 2021, the Organization had USDA food commodities totaling \$2,543,372.

Pass-through identifying numbers are presented where available.

**FEEDING THE GULF COAST**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
For the Year Ended December 31, 2021**

There is no schedule of prior year audit findings as of and for the year ended December 31, 2021.

**Kim K. Enikeieff**  
**Certified Public Accountant**  
Post Office Box 8754  
Mobile, Alabama 36689  
Telephone 251-591-1357

**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, 2021, 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 17, 2022.

**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 or significant deficiencies may exist that were not identified.

## **Report on 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 17, 2022

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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**

**Opinion on Each Major Federal Program**

I have audited Feeding the Gulf Coast's compliance with the types of compliance requirements identified as subject to audit 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, 2021. 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.

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, 2021.

**Basis for Opinion on Each Major Federal Program**

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). My responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of my report.

I am required to be independent of Feeding the Gulf Coast and to meet my other ethical responsibilities, in accordance with relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion on compliance for each major federal program. My audit does not provide a legal determination of Feeding the Gulf Coast's compliance with the compliance requirements referred to above.

**Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Feeding the Gulf Coast's federal programs.

## **Auditor's Responsibilities for the Audit of Compliance**

My objective is to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Feeding the Gulf Coast's compliance based on my audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Feeding the Gulf Coast's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Feeding the Gulf Coast's compliance with the compliance requirements referred to above and performing such other procedures as I considered necessary in the circumstances.
- Obtain an understanding of Feeding the Gulf Coast's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Feeding the Gulf Coast's internal control over compliance. Accordingly, no such opinion is expressed.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## **Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during my audit I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

My audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 17, 2022



**FEEDING THE GULF COAST**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the Year Ended December 31, 2021**

**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 10.559 U.S. Department of Agriculture Summer Food Service Program for Children and CFDA 10.558 U.S. Department of Agriculture Child and Adult Care Food Program.
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