

*SECOND HARVEST FOOD BANK  
OF METROLINA, INC.*

*FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020*

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# ***Second Harvest Food Bank of Metrolina, Inc.***

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**June 30, 2021 and 2020**

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# ***C. DEWITT FOARD & COMPANY, P.A.***

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
Second Harvest Food Bank of Metrolina, Inc.  
Charlotte, North Carolina

We have audited the accompanying financial statements of Second Harvest Food Bank of Metrolina, Inc., (the "Food Bank" - a nonprofit corporation), which comprise the consolidated statement of financial position as of June 30, 2021 and 2020, and the related consolidated 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*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Second Harvest Food Bank of Metrolina, Inc.  
Charlotte, North Carolina

Opinion

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Second Harvest Food Bank of Metrolina, Inc., as of June 30, 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.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal and state 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 our 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*, we have also issued our report dated December 3, 2021, on our consideration of Second Harvest Food Bank of Metrolina, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Second Harvest Food Bank of Metrolina, Inc.'s internal control over financial reporting and compliance.

C. Dewitt Ford & Company, P.A.  
December 3, 2021

# ***Second Harvest Food Bank of Metrolina, Inc.***

## **Consolidated Statements of Financial Position**

**June 30, 2021 and 2020**

	June 30,	
	2021	2020
<b><u>ASSETS</u></b>		
Current Assets:		
Cash - operating	\$ 27,032,120	\$ 15,702,315
Accounts receivable	450,288	1,368,527
Grant receivable	-	500,000
Prepaid expenses	445,926	459,798
Inventories	2,721,197	4,002,368
Pledges receivable, net	352,442	245,166
Investments	260,959	260,362
<b><i>Total Current Assets</i></b>	<b><i>31,262,932</i></b>	<b><i>22,538,536</i></b>
Property and Equipment	17,504,366	13,892,907
Other Long-Term Assets:		
Cash held for long-term purposes	787,996	775,321
Pledges receivable, net of current portion	2,848,555	2,788,844
Notes receivable	8,981,200	8,981,200
Beneficial interest in assets held by others	71,476	54,603
<b><i>Total Other Long-Term Assets</i></b>	<b><i>12,689,227</i></b>	<b><i>12,599,968</i></b>
<b><i>TOTAL ASSETS</i></b>	<b><i>\$ 61,456,525</i></b>	<b><i>\$ 49,031,411</i></b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
Current Liabilities:		
Accounts payable	\$ 502,185	\$ 801,380
Accrued expenses	181,757	262,181
Current portion of note payable, net of loan fees	51,434	42,901
<b><i>Total Current Liabilities</i></b>	<b><i>735,376</i></b>	<b><i>1,106,462</i></b>
Non-Current Liabilities:		
Note payable (less current portion and loan fees)	16,613,994	16,665,428
Net Assets:		
Without donor restrictions	37,417,722	23,132,814
With donor restrictions	6,689,433	8,126,707
<b><i>Total Net Assets</i></b>	<b><i>44,107,155</i></b>	<b><i>31,259,521</i></b>
<b><i>TOTAL LIABILITIES AND NET ASSETS</i></b>	<b><i>\$ 61,456,525</i></b>	<b><i>\$ 49,031,411</i></b>

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**Second Harvest Food Bank of Metrolina, Inc.****Consolidated Statement of Activities****Year Ended June 30, 2021**

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	Without Donor Restrictions	With Donor Restrictions	TOTALS
<b><u>SUPPORT AND REVENUE</u></b>			
Value of inventory received	\$ 120,964,310	\$ -	\$ 120,964,310
Shared maintenance and fees	1,093,577	-	1,093,577
Contributions and grants	14,824,730	3,385,936	18,210,666
Governmental revenue	2,395,122	5,499,909	7,895,031
Special events	1,721,256	-	1,721,256
Donated facilities	168,996	-	168,996
Investment earnings	107,337	-	107,337
Miscellaneous revenue	24,519	-	24,519
Gain on disposal of assets	8,100	-	8,100
Net assets released from restrictions	10,323,119	(10,323,119)	-
<b><i>Total Support, Revenue, and Reclassifications</i></b>	<b><i>151,631,066</i></b>	<b><i>(1,437,274)</i></b>	<b><i>150,193,792</i></b>
<b><u>EXPENSES</u></b>			
Program Services:			
Distributed food and goods	123,264,972	-	123,264,972
All other	11,069,819	-	11,069,819
Management and general	1,255,237	-	1,255,237
Fund raising	1,756,130	-	1,756,130
<b><i>Total Expenses</i></b>	<b><i>137,346,158</i></b>	<b><i>-</i></b>	<b><i>137,346,158</i></b>
<b><i>CHANGE IN NET ASSETS</i></b>	<b><i>14,284,908</i></b>	<b><i>(1,437,274)</i></b>	<b><i>12,847,634</i></b>
<b><i>NET ASSETS, BEGINNING</i></b>	<b><i>23,132,814</i></b>	<b><i>8,126,707</i></b>	<b><i>31,259,521</i></b>
<b><i>NET ASSETS, ENDING</i></b>	<b><i>\$ 37,417,722</i></b>	<b><i>\$ 6,689,433</i></b>	<b><i>\$ 44,107,155</i></b>

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**Second Harvest Food Bank of Metrolina, Inc.****Consolidated Statement of Activities****Year Ended June 30, 2020**

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	Without Donor Restrictions	With Donor Restrictions	TOTALS
<b><u>SUPPORT AND REVENUE</u></b>			
Value of inventory received	\$ 109,276,538	\$ -	\$ 109,276,538
Shared maintenance and fees	874,925	-	874,925
Contributions and grants	8,267,181	8,394,768	16,661,949
Governmental revenue	2,016,324	3,181,457	5,197,781
Special events	1,899,909	-	1,899,909
Donated facilities	168,996	-	168,996
Investment earnings	95,846	-	95,846
Miscellaneous revenue	636	-	636
Gain on disposal of assets	10,300	-	10,300
Net assets released from restrictions	9,561,000	(9,561,000)	-
<b><i>Total Support, Revenue, and Reclassifications</i></b>	<b><i>132,171,655</i></b>	<b><i>2,015,225</i></b>	<b><i>134,186,880</i></b>
<b><u>EXPENSES</u></b>			
Program Services:			
Distributed food and goods	106,213,638	-	106,213,638
All other	9,606,141	-	9,606,141
Management and general	1,247,949	-	1,247,949
Fund raising	1,978,907	-	1,978,907
<b><i>Total Expenses</i></b>	<b><i>119,046,635</i></b>	<b><i>-</i></b>	<b><i>119,046,635</i></b>
<b><i>CHANGE IN NET ASSETS</i></b>	<b><i>13,125,020</i></b>	<b><i>2,015,225</i></b>	<b><i>15,140,245</i></b>
<b><i>NET ASSETS, BEGINNING</i></b>	<b><i>10,007,794</i></b>	<b><i>6,111,482</i></b>	<b><i>16,119,276</i></b>
<b><i>NET ASSETS, ENDING</i></b>	<b><i>\$ 23,132,814</i></b>	<b><i>\$ 8,126,707</i></b>	<b><i>\$ 31,259,521</i></b>

# ***Second Harvest Food Bank of Metrolina, Inc.***

## **Consolidated Statements of Cash Flows**

**Year Ended June 30, 2021 and 2020**

	June 30,	
	2021	2020
<b><u>OPERATING ACTIVITIES</u></b>		
Change in net assets	\$ 12,847,634	\$ 15,140,245
Adjustments to reconcile changes in net assets to cash flows from operating activities:		
Depreciation and amortization expense	1,785,774	1,484,347
Contributions for long-term purposes	(510,000)	-
(Gain) on disposal of fixed assets	(8,100)	(10,300)
Unrealized losses (gains) on investments	(16,873)	(406)
(Increase) decrease in operating assets:		
Accounts receivable	918,239	(1,105,812)
Grant receivable	500,000	(500,000)
Prepaid expenses	13,872	(203,001)
Inventories	1,281,171	(3,313,403)
Increase in operating liabilities:		
Accounts payable	(299,195)	(209,548)
Accrued expenses	(80,424)	71,131
<b><i>Cash Flows from Operating Activities</i></b>	<b><i>16,432,098</i></b>	<b><i>11,353,253</i></b>
<b><u>INVESTING ACTIVITIES</u></b>		
Purchases of property and equipment	(5,293,561)	(837,496)
Proceeds from sale of equipment	13,500	10,300
Decrease in construction payables	-	(710,967)
Proceeds from sale of investments	260,362	775,094
Purchase of investments	(260,959)	(260,362)
<b><i>Cash Flows from Investing Activities</i></b>	<b><i>(5,280,658)</i></b>	<b><i>(1,023,431)</i></b>
<b><u>FINANCING ACTIVITIES</u></b>		
Contributions for long-term purposes	510,000	-
Decrease in pledges receivable	(166,987)	250,670
Proceeds from notes payable	-	477,380
Principal paid on note payable	(151,973)	(145,220)
<b><i>Cash Flows from Financing Activities</i></b>	<b><i>191,040</i></b>	<b><i>582,830</i></b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>11,342,480</b>	<b>10,912,652</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	<b>16,477,636</b>	<b>5,564,984</b>
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<b>\$ 27,820,116</b>	<b>\$ 16,477,636</b>
<b>CASH AND EQUIVALENTS PER STATEMENT OF FINANCIAL POSITION:</b>		
Cash - operating	\$ 27,032,120	\$ 15,702,315
Cash held for long-term purposes	787,996	775,321
<b>TOTAL CASH</b>	<b>\$ 27,820,116</b>	<b>\$ 16,477,636</b>

See accompanying notes to financial statements.

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**Second Harvest Food Bank of Metrolina, Inc.****Consolidated Statement of Functional Expenses****Year Ended June 30, 2021**

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	Program Services		Management	Fund	
	Donated Inventory	All Other	and General	Raising	Totals
<b><u>PERSONNEL</u></b>					
Salaries and wages	\$ -	\$ 2,190,467	\$ 642,278	\$ 518,728	\$ 3,351,473
Payroll taxes	-	157,869	40,142	36,623	234,634
Employee benefits	-	477,705	145,820	113,407	736,932
<b><i>Total Personnel</i></b>	<b>-</b>	<b>2,826,041</b>	<b>828,240</b>	<b>668,758</b>	<b>4,323,039</b>
<b><u>OTHER EXPENSES</u></b>					
Food and household goods distributed	123,264,972	-	-	-	123,264,972
Child and Senior Hunger programs	-	2,794,454	-	-	2,794,454
Professional fees	-	95,495	209,011	59,106	363,612
Supplies	-	144,076	3,221	7,360	154,657
Occupancy	-	831,955	18,496	9,248	859,699
Telephone	-	40,286	10,072	9,156	59,514
Transportation and freight	-	1,400,146	-	-	1,400,146
Printing and postage	-	7,863	10,794	42,661	61,318
Direct mail	-	96,710	-	870,391	967,102
Repairs and maintenance	-	8,058	2,015	1,832	11,905
Insurance	-	34,906	1,485	743	37,134
Public relations, marketing	-	959	-	41,399	42,358
Travel and conferences	-	1,172	1,495	8,226	10,893
Disaster services	-	863,343	-	-	863,343
Interest	-	325,466	13,850	6,925	346,241
Depreciation	-	1,598,889	156,558	30,325	1,785,772
<b><i>Total Other Expenses</i></b>	<b>123,264,972</b>	<b>8,243,778</b>	<b>426,997</b>	<b>1,087,372</b>	<b>133,023,120</b>
<b>TOTAL EXPENSES</b>	<b>\$ 123,264,972</b>	<b>\$ 11,069,819</b>	<b>\$ 1,255,237</b>	<b>\$ 1,756,130</b>	<b>\$ 137,346,159</b>

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**Second Harvest Food Bank of Metrolina, Inc.****Consolidated Statement of Functional Expenses****Year Ended June 30, 2020**

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	Program Services		Management	Fund	
	Donated Inventory	All Other	and General	Raising	Totals
<b><u>PERSONNEL</u></b>					
Salaries and wages	\$ -	\$ 2,021,889	\$ 608,682	\$ 516,181	\$ 3,146,752
Payroll taxes	-	139,150	42,422	37,743	219,315
Employee benefits	-	473,160	139,936	120,525	733,621
<b><i>Total Personnel</i></b>	<b>-</b>	<b>2,634,199</b>	<b>791,040</b>	<b>674,449</b>	<b>4,099,688</b>
<b><u>OTHER EXPENSES</u></b>					
Food and household goods distributed	106,213,638	-	-	-	106,213,638
Child and Senior Hunger programs	-	1,785,330	-	-	1,785,330
Professional fees	-	41,312	228,232	70,899	340,443
Supplies	-	86,065	6,999	7,825	100,889
Occupancy	-	607,779	13,573	6,787	628,139
Telephone	-	32,438	8,109	7,372	47,919
Transportation and freight	-	1,215,527	-	-	1,215,527
Printing and postage	-	8,795	12,554	52,327	73,676
Direct mail	-	73,546	-	661,914	735,460
Repairs and maintenance	-	14,465	3,616	3,288	21,369
Insurance	-	26,849	1,143	571	28,563
Public relations, marketing	-	-	-	445,777	445,777
Travel and conferences	-	6,463	6,167	4,224	16,854
Disaster services	-	1,425,628	-	-	1,425,628
Dues and subscriptions	-	37,562	-	-	37,562
Interest	-	325,076	13,833	6,917	345,826
Depreciation	-	1,285,107	162,683	36,557	1,484,347
<b><i>Total Other Expenses</i></b>	<b>106,213,638</b>	<b>6,971,942</b>	<b>456,909</b>	<b>1,304,458</b>	<b>114,946,947</b>
<b><i>TOTAL EXPENSES</i></b>	<b>\$ 106,213,638</b>	<b>\$ 9,606,141</b>	<b>\$ 1,247,949</b>	<b>\$ 1,978,907</b>	<b>\$ 119,046,635</b>

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## ***Second Harvest Food Bank of Metrolina, Inc.***

### **Notes to Consolidated Financial Statements**

**June 30, 2021 and 2020**

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#### **NOTE 1 - NATURE OF OPERATIONS**

##### *Organization*

Second Harvest Food Bank of Metrolina, Inc. (the “Food Bank”) is a not-for-profit organization established for the purpose of feeding people by soliciting and distributing food and other household products through partner agencies and educating the community about the nature of and solutions to problems of hunger. The Food Bank also operates Community Food Rescue, the purpose of which is to organize volunteers to gather food which would otherwise be wasted, and transport it to shelters and community centers where it can be used to feed the hungry. The Food Bank was founded in 1981 as a project of the Charlotte Area Fund and became autonomous in January 1983. Its area of operation is Mecklenburg County, North Carolina and eighteen surrounding counties.

##### *Subsidiary*

On December 8, 2015, the Food Bank formed Second Harvest Properties, Inc., (Properties), a separate not-for-profit entity controlled by the Food Bank. The primary purpose of this entity is the improvement and management of the Food Bank’s Charlotte campus. Significant transactions, assets and liabilities between Food Bank and Properties have been eliminated in the accompanying financial statements. Generally accepted accounting principles ignore the legal concept of separate entities for financial statement purposes. The \$12,871,808 consolidated change in net assets consists of an increase in net assets of \$13,934,749 for the Food Bank and a decrease in net assets of \$1,062,941 for Properties for the year ended June 30, 2021. The \$15,140,245 consolidated change in net assets consists of an increase in net assets of \$16,134,723 for the Food Bank and a decrease in net assets of \$994,478 for Properties for the year ended June 30, 2020.

#### **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### *Basis of presentation*

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets without donor restrictions can be both undesignated and designated in nature. Undesignated are those currently available for use in day-to-day operations of the Food Bank and those resources invested in property and equipment. From time to time, the Board of Directors may designate certain amounts to be utilized or invested to meet specific objectives of the Food Bank. Such amounts, if any, are reflected as designated net assets without donor restrictions in the accompanying statement of financial position. As of June 30, 2021 and 2020, there were no designated net assets.

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## ***Second Harvest Food Bank of Metrolina, Inc.***

### **Notes to Consolidated Financial Statements**

**June 30, 2021 and 2020**

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*Net Assets With Donor Restrictions* – Net assets subject to donor-imposed stipulations. These net assets may be temporary in nature, which are subject to donor-imposed stipulations that may or will be met, either by actions of the Food Bank or the passage of time, and net assets that are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

#### Revenue recognition

The Food Bank adopted the requirements of the Financial Accounting Standards Board's Accounting Standards Update No. 2014-09, "Revenue from Contracts with Customers" (ASU 2014-09), during the fiscal year ending June 30, 2021. The core principle of this standard is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The implementation of this standard did not have a material impact on its financial statements.

Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions of cash and other assets are considered to be available for undesignated use unless specifically restricted by the donor. Amounts received that are restricted for future periods or are restricted by the donor for specific purposes are reported as net assets with donor restrictions. When a donor restriction expires (that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

A portion of the Food Bank's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Food Bank has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. No funds have been received in advance that have not been utilized.

#### Donated services

Donated services are reported as contributions when the services (a) create or enhance nonfinancial assets or (b) would be purchased if they had not been provided by contribution, require specialized skills, and are provided by individuals possessing those skills. During the year, the Food Bank recorded no contributed services.

In addition, many individuals volunteer their time and perform a variety of tasks that assist the Food Bank with specific assistance programs and various assignments. A number of unpaid volunteers, who serve in the capacity of Board members and various volunteer assistants, donated approximately 265,192 and 289,122 hours during the years ended June 30, 2021 and 2020, to assist the Food Bank in achieving the goals of its programs. The value of this contributed time is not reflected in these financial statements since it does not meet the above recognition criteria.

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## ***Second Harvest Food Bank of Metrolina, Inc.***

### **Notes to Consolidated Financial Statements**

**June 30, 2021 and 2020**

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#### *Income tax status*

The Food Bank is exempt from Federal income tax under Internal Revenue Code Section 501(c)(3) with respect to its exempt function income. The Food Bank is not a private foundation as defined by Section 509(a) of the Internal Revenue Code.

#### *Cash and cash equivalents*

Cash and cash equivalents consist of cash on hand and cash in checking accounts. The Food Bank considers highly liquid investments with a maturity of three months or less when purchased to be cash equivalents, except for those short-term investments managed as part of investment management strategies.

#### *Accounts receivable*

Accounts receivable consist primarily of trade receivables and are stated at net realizable value, net of an estimated allowance for doubtful accounts of \$3,000 as of June 30, 2021 and 2020. Management has determined the allowance for doubtful accounts based on a review of individual accounts, historical experience, and current economic conditions.

#### *Grant receivable*

Grant receivable is presented at net realizable value with no allowance for bad debt or present value discount. The grant receivable balance of \$500,000 at June 30, 2020 was collected after year-end.

#### *Inventories*

Inventories represent donated and purchased food and other household products. Portions of the donated products are discarded as unusable and recorded as an expense in the value of inventory distributed or discarded. Purchased inventory is valued at cost. Inventories are determined by the first-in, first-out method. Donated inventory is valued at the approximate average wholesale value of one pound of donated product at the national level as outlined in the Product Valuation Survey Methodology, prepared by Feeding America, the national food bank network non-profit corporation, or from estimated values provided by State or local agencies, as applicable. The value per pound of inventory as determined by Feeding America for the years ended June 30, 2021 and 2020 was \$1.79 and \$1.74, respectively. The average per pound valuation of food provided by governmental agencies during the year ended June 30, 2021 and 2020 was \$1.00 and \$.90, respectively. During the years ended June 30, 2021 and 2020, the pounds of food and household products distributed were 83,526,218 and 70,945,357, respectively, which represents an increase of 15 percent.

#### *Investments*

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued in the statement of financial position at their fair value. Certificates of deposit are carried in the accompanying financial statements at cost plus accrued interest.

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## ***Second Harvest Food Bank of Metrolina, Inc.***

### **Notes to Consolidated Financial Statements**

**June 30, 2021 and 2020**

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#### *Property and equipment*

Property and equipment is stated at cost if purchased or estimated fair value at the date of receipt if donated subject to a \$1,000 capitalization policy. Costs that improve or extend the useful lives of assets are capitalized. Amounts paid for maintenance and repairs are expensed as incurred. Depreciation is provided over the estimated useful lives of the assets and is computed on the straight-line method with no salvage values.

#### *Beneficial interest*

The Food Bank has established the Second Harvest Food Bank of Metrolina Endowment Fund (the Endowment Fund) at the Foundation for the Carolinas (the Foundation). These assets and the related investment income are included in the accompanying financial statements. The Food Bank may request distributions of investment income from the Endowment Fund. The Board of Directors of the Foundation has complete discretion as to the timing and amounts of distributions from these funds; however, all funds are ultimately repayable to the Food Bank and the Foundation has no variance power to distribute any portion of these funds to another not-for-profit entity. During the year, the Food Bank received no distributions from this fund.

#### *Functional allocation of expenses*

The Food Bank's activities are focused in three functional areas. Program services represent the primary focus of the Food Bank's activities. Supporting services are fundraising activities and management and general activities. Personnel expenses are allocated based on management's estimates of time and effort. Occupancy expenses are allocated based on space usage. All other expenses are allocated on an analysis of the various expenses that comprise those costs.

#### *Use of estimates*

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

### **NOTE 3 - INVESTMENTS**

The fair value of investments at June 30, 2021 and 2020 is as follows:

	<u>2021</u>	<u>2020</u>
Certificates of deposit, various dates of maturity	\$ 260,959	\$ 260,362
Beneficial Interest in Assets Held by Others:		
Moderate Growth Pool	71,476	54,603
<b>TOTAL</b>	<b>\$ 332,435</b>	<b>\$ 314,965</b>

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## ***Second Harvest Food Bank of Metrolina, Inc.***

### **Notes to Consolidated Financial Statements**

**June 30, 2021 and 2020**

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#### *Fair value measurements*

Generally accepted accounting principles require fair value of financial instruments to be determined based on the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. It establishes a three-level valuation hierarchy based upon observable and unobservable inputs, as follows:

Level 1 - Fair value is based on quoted prices in active markets for identical assets or liabilities.

Level 2 - Fair value is based on 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 for substantially the full term of the assets or liabilities.

Level 3 - Fair value is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The Food Bank's certificates of deposit are classified as Level 2, and the beneficial interest is classified as Level 3. The certificates of deposit are valued at cost plus accrued interest. The Level 3 assets are valued based on the fair value of the underlying securities, which consist of assets that are and are not publicly-traded. The following table sets forth a summary of changes in the fair value of the Food Bank's Level 3 assets for the year ended June 30, 2021.

Balance, beginning of year	\$	54,603
Net increase in value		16,873
<hr/>		
Balance, end of year	\$	71,476

#### **NOTE 4 – PLEDGES RECEIVABLE**

##### *Occupancy pledge*

Mecklenburg County entered into an agreement to provide space, utilities and certain repairs and maintenance to the Food Bank for a 40-year period beginning January 1, 2016 and ending December 31, 2055. The present value of this annual donation, computed at \$5 per square foot or \$168,998 per year, exceeds the \$2.1 million value of the building, as determined by an independent appraisal dated December 9, 2015. Therefore, in accordance with generally accepted accounting principles, the value of the pledged space is carried on the books based on the appraised value.

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## ***Second Harvest Food Bank of Metrolina, Inc.***

### **Notes to Consolidated Financial Statements**

**June 30, 2021 and 2020**

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#### Capital campaign

The Food Bank accepts pledges for a capital campaign, the proceeds of which are used to construct an additional facility and other improvements. Unconditional promises to give for the capital campaign are presented net of an estimated allowance for doubtful accounts of three percent of initial campaign funds raised. The estimate is based on management's review of the individual pledges and its assessment of general economic conditions. A discount for present value, computed utilizing an interest rate of 0.50% based on the ten-year *U.S. Treasury* rate, was recorded on the financial statements. The gross pledges receivable consist of a significant concentration of risk due to 67% of the balance are due from three donors. These pledges are expected to be collected during the fiscal year ending June 30:

2022	\$	403,386
2023		315,000
2024		270,000
2025		70,000
2026		60,000
<hr/>		
Total Promises to Give		1,118,386
Deduct:		
Allowance for bad debt	\$	10,000
Present value discount		7,389
<hr/>		
NET CAPITAL CAMPAIGN PLEDGES	\$	1,100,997

The \$1,100,997 of net pledges receivable in the accompanying financial statements are classified as current of \$352,442 and long-term of \$748,555.

#### **NOTE 5 - FIXED ASSETS**

Fixed assets consist of the following at June 30,

	<u>2021</u>	<u>2020</u>
Buildings and improvements	\$ 19,785,445	\$ 16,320,411
Vehicles	4,249,529	3,174,732
Furniture, fixtures and equipment	1,414,067	1,115,617
<hr/>		
Total	25,449,041	20,610,760
Less – accumulated depreciation and amortization	7,944,675	6,717,853
<hr/>		
TOTAL	\$ 17,504,366	\$ 13,892,907

#### **NOTE 6 – DEBT FINANCING**

The Food Bank and Properties have entered into various agreements for the purpose of qualifying the Food Bank to receive New Markets Tax Credits (NMTC). These note agreements are secured with virtually all fixed assets and pledges receivable of the Food Bank.



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## ***Second Harvest Food Bank of Metrolina, Inc.***

### **Notes to Consolidated Financial Statements**

**June 30, 2021 and 2020**

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#### *Loan from Food Bank to Investment Fund*

The Food Bank made two loans totaling \$8,981,200 to Second Harvest Charlotte Investment Fund, LLC, primarily owned by SunTrust Community Capital. The notes have identical terms, bearing interest at a fixed rate of 1%, with quarterly payments of interest only due until the loans mature in June 2048. Interest income of \$89,812 was earned and received during the years ended June 30, 2021 and 2020.

#### *Food Bank bridge loan*

The Food Bank borrowed \$477,380 under an agreement with SunTrust, which matures January 25, 2023, and had a balance at June 30, 2021 and June 30, 2020, of \$476,054. The note bears interest at one-month LIBOR plus 2.0 percent. Payments are applied first to interest and then to principal. The note was paid in full shortly after the year ended June 30, 2021.

#### *Second Harvest Properties*

Properties received the proceeds of five separate loans totaling \$13,000,000, which have identical terms. The notes all bear interest at a fixed rate of 1.118%, with quarterly payments of interest only due until the notes mature on December 1, 2054.

#### *The Reinvestment Fund, Inc.*

The Food Bank borrowed \$4,128,577 under an agreement with The Reinvestment Fund, Inc., which matures January 25, 2023, and had a balance of \$3,353,103 and \$3,505,077 at June 30, 2021 and 2020, respectively. Quarterly payments of \$85,413 are applied first to interest at a fixed rate of 5.50 percent and then to principal.

#### *Seven-year compliance period*

During the seven-year compliance period beginning January 25, 2016, the Food Bank must utilize the real estate improvements financed by the NMTC for Food Bank operations only and comply with various provisions imposed by the NMTC agreement. At the conclusion of the seven-year period, the Food Bank has an option to purchase the Second Harvest Charlotte Investment Fund, LLC, as described above, for \$1,000 if the compliance requirements have been met. This transaction is expected to generate a significant gain. No amount has been recorded in the accompanying financial statements to reflect the fair value of this option due to the substantial compliance requirements.

#### *Maturities of notes*

Notes mature during the years ending June 30:

2022	\$ 160,506
2023	3,668,652
2024	13,000,000
<hr/>	
TOTAL	\$ 16,829,158

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**Second Harvest Food Bank of Metrolina, Inc.****Notes to Consolidated Financial Statements****June 30, 2021 and 2020**

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Loan costs

Loan costs of \$763,504 are being amortized over the seven-year compliance period of the NMTC agreement. Amortization expense of \$109,072 was recorded during the years ended June 30, 2021 and 2020, respectively. Unamortized loan costs of \$163,730 and \$272,802, as of June 30, 2021 and 2020, respectively, are presented as reductions of notes payable in the accompanying financial statements

Interest expense

Interest expense of \$346,241 and \$345,826 was incurred for the years ended June 30, 2021 and 2020, respectively. Interest expense of \$346,705 and \$346,266 was actually paid during the years ended June 30, 2021 and 2020, respectively.

**NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS**Purpose and time restricted net assets

Purpose and time restricted net assets are available for the following purposes:

	2021	2020
Child and Senior Hunger programs	\$ 1,607,302	\$ 1,157,557
Food purchases	1,086,070	1,316,208
COVID/Disaster relief	40,110	1,986,599
Capital campaign	1,100,997	934,010
Donated occupancy (time restricted)	2,100,000	2,100,000
Other capital needs	643,793	537,730
All other funds	70,508	53,950
<b>TOTAL</b>	<b>\$ 6,648,780</b>	<b>\$ 8,086,054</b>

Net assets were released from restriction by payment for restricted purpose and purpose net assets consist of:

	2021	2020
Cash and investments	\$ 3,447,783	\$ 4,552,044
Pledges receivable	3,200,997	3,034,010
Grant receivable	-	500,000
<b>TOTAL</b>	<b>\$ 6,648,780</b>	<b>\$ 8,086,054</b>

Perpetuity restricted net assets

The Food Bank had perpetuity restricted net assets, which consist of the principal portion of the beneficial interest in assets held for others, which was \$40,653 at June 30, 2021 and 2020, respectively.

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## ***Second Harvest Food Bank of Metrolina, Inc.***

### **Notes to Consolidated Financial Statements**

**June 30, 2021 and 2020**

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#### **NOTE 8 - DONATED FACILITIES**

The Food Bank occupies its warehouse facility under a sublease from Properties, who has a lease with Mecklenburg County, as described above. According to the terms of the lease, the cost of the utilities and most of the property maintenance is shared equally between Properties and Mecklenburg County. The estimated fair value of the free rent, utilities and maintenance for each of the years ended June 30, 2021 and 2020 was \$168,996. This amount has been recorded in the accompanying financial statements as both a contribution received and as an occupancy expense.

#### **NOTE 9 - RETIREMENT PLAN**

The Food Bank has a 403(b) plan under which employees can make pretax contributions to the plan. The Food Bank makes no contributions on behalf of its employees under this plan. Additionally, the Food Bank has in place a defined contribution plan. Under this plan, employees make no contributions and the Food Bank's contributions are discretionary. For fiscal years ended June 30, 2021 and 2020, the Food Bank's contributions were six percent of eligible participants' salaries, which amounted to \$135,040 and \$123,222, respectively. In addition, the Food Bank has established a supplemental retirement plan, which covers employees on a discriminatory basis. During the years ended June 30, 2021 and 2020, the Food Bank's executive director was the only employee covered by the supplemental retirement plan and contributions on her behalf were \$14,696 and \$15,661, respectively.

#### **NOTE 10 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

Food Bank and Properties has \$28,095,809 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditure consisting of cash of \$27,032,120, short-term investments of \$260,959, and pledges and accounts receivables of \$802,730, which are expected to be collected during the year. Of these assets, \$3,800,225 are subject to donor restrictions that they be utilized for a specific purpose. The Food Bank and Properties has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, as part of its liquidity management, the Food Bank and Properties invests cash in excess of daily requirements in short-term investments, primarily money market funds.

#### **NOTE 11 - BUSINESS RISKS AND CREDIT CONCENTRATIONS**

##### *Concentrations*

The Food Bank relies on continued support from its area contributors, volunteers, grantors, and member organizations to maintain its operations. Significant declines in funding from these sources could have a potentially adverse impact on the operations of the Food Bank.

##### *Cash in excess of insured limits*

Cash and certificates of deposit held in bank accounts are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). The total cash and certificates of deposit held by the Food Bank at June 30, 2021 and June 30, 2020 includes \$27,416,133 and \$15,267,184, respectively in excess of insured limits covered by FDIC.

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## ***Second Harvest Food Bank of Metrolina, Inc.***

### **Notes to Consolidated Financial Statements**

**June 30, 2021 and 2020**

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#### *Government grants*

Financial awards from federal, state, and local governmental entities in the form of grants are subject to special audit. Such audits could result in claims against the Food Bank for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this date.

#### *COVID-19 pandemic*

The COVID-19 pandemic has resulted in major changes in the local economy. While support and revenue have not been adversely affected, there is a risk that operations could be disrupted if a substantial number of employees were infected or stringent governmental restrictions on activities were imposed.

#### *Geographic area*

The Food Bank operates in a limited geographic area and is therefore sensitive to changes in the local economy.

#### **NOTE 12 - SUBSEQUENT EVENTS**

The Food Bank has evaluated subsequent events from the date of the statement of financial position through the date of the audit report, which is the date the financial statements were available to be issued. During this period no material subsequent events were identified.

# C. DEWITT FOARD & COMPANY, P.A.

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## INDEPENDENT AUDITORS' 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 of  
Second Harvest Food Bank of Metrolina, Inc.  
Charlotte, North Carolina

We 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 Second Harvest Food Bank of Metrolina, Inc. (the "Food Bank", a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 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 our report thereon dated December 3, 2021.

### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Food Bank's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Food Bank's internal control. Accordingly, we do not express an opinion on the effectiveness of the Food Bank'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 organization'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.

Our consideration of the 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 our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Second Harvest Food Bank of Metrolina, Inc.  
Charlotte, North Carolina

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Food Bank's financial statements are free from material misstatement, we 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our 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 our 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 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.

*C. Dewitt Ford & Company, P.A.*

December 3, 2021

# ***C. DEWITT FOARD & COMPANY, P.A.***

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## **INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors of  
Second Harvest Food Bank of Metrolina, Inc.  
Charlotte, North Carolina

### Report on Compliance for Each Major Federal Program

We have audited Second Harvest Food Bank of Metrolina, Inc.'s (the "Food Bank", a nonprofit organization) compliance with the types of compliance requirements described in the *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on the Food Bank's major federal programs for the year ended June 30, 2021. The Food Bank'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

Our responsibility is to express an opinion on compliance for the Food Bank's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our 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 we 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 the Food Bank's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal programs. However, our audit does not provide a legal determination on the Food Bank's compliance.

### Opinion on Each Major Federal Program

In our opinion, the Food Bank complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2021.

Second Harvest Food Bank of Metrolina, Inc.  
Charlotte, North Carolina

#### Report on Internal Control Over Compliance

Management of the Food Bank is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Food Bank's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal programs 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, we do not express an opinion on the effectiveness of the Food Bank'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.

Our 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. We did not identify any deficiencies in internal control over compliance that we 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 our 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.

*C. Dewitt Ford & Company, P.A.*

December 3, 2021



***Second Harvest Food Bank of Metrolina, Inc.***  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2021**

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**SUMMARY OF AUDITORS' RESULTS**

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?  yes  no
- Significant deficiency(s) identified that are not considered to be material weaknesses  yes  no

Noncompliance material to financial statements noted?  yes  no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified?  yes  no
- Significant deficiency(s) identified that are not considered to be material weaknesses  yes  no

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 200 of the Uniform Guidance?  yes  no

Identification of Major Programs

Federal Programs -

<u>CFDA Number</u>	<u>Name of Program or Cluster</u>
10.565	Commodity Supplemental Food Program
10.568	Emergency Food Assistance Program (Administrative Costs)
10.569	Emergency Food Assistance Program (Food Commodities)
21.019	Coronavirus Aid, Relief and Economic Security Act

Dollar threshold used to distinguish between Type A and Type B Programs \$750,000

Auditee qualified as low-risk auditee?  yes  no

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***Second Harvest Food Bank of Metrolina, Inc.***  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2021**

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**FINDINGS – FINANCIAL STATEMENTS AUDIT**

None

**FINDINGS – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None

**SUMMARY OF PRIOR YEAR FINDINGS AND CORRECTIVE ACTION PLAN**

None

# ***Second Harvest Food Bank of Metrolina, Inc.***

## **Schedule of Expenditures of Federal and State Awards**

**Year Ended June 30, 2021**

Agency	CFDA Number	Amount Received	Amount Expended
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>			
Food Distribution Cluster:			
Passed through the N.C. Department of Agriculture:			
Commodity Supplemental Food Program (Administrative Funds)	10.565	\$ 106,009	\$ 106,009
Commodity Supplemental Food Program (Food Commodities)	10.565	452,524	452,524
Emergency Food Assistance Program (Administrative Funds)	10.568	1,832,625	1,832,625
Emergency Food Assistance Program (Food Commodities)	10.569	7,087,170	7,087,170
Passed through the S.C. Department of Agriculture:			
Commodity Supplemental Food Program (Administrative Funds)	10.565	36,912	36,912
Commodity Supplemental Food Program (Food Commodities)	10.565	212,363	212,363
Emergency Food Assistance Program (Administrative Funds)	10.568	313,102	313,102
Emergency Food Assistance Program (Food Commodities)	10.569	1,965,300	1,965,300
Total U.S Department of Agriculture		<u>12,006,005</u>	<u>12,006,005</u>
<b><u>U.S. DEPARTMENT OF THE TREASURY</u></b>			
Passed through the Centralina Area Agency on Aging:			
Coronavirus Aid, Relief, and Economic Security Act	21.019	75,000	75,000
Passed through the N.C. Department of Health and Human Services and N.C. Department of Agriculture:			
Coronavirus Aid, Relief, and Economic Security Act	21.019	4,945,468	4,945,468
Passed through the S.C. Department of Agriculture:			
Coronavirus Aid, Relief, and Economic Security Act	21.019	49,788	49,788
Total U.S Department of the Treasury		<u>5,070,256</u>	<u>5,070,256</u>
<b><u>FEDERAL EMERGENCY MANAGEMENT ASSISTANCE</u></b>			
Passed through Mecklenburg County:			
Emergency Food and Shelter National Board Program	97.024	161,276	161,276
CARES Act - Emergency Food and Shelter National Board Program	97.024	82,139	82,139
Total Federal Awards		<u>17,319,676</u>	<u>17,319,676</u>
<b><u>N.C. DEPARTMENT OF HEALTH &amp; HUMAN SERVICES</u></b>			
Social Services Block Grant		492,792	504,653
Total State Awards		<u>492,792</u>	<u>504,653</u>
TOTAL FEDERAL AND STATE AWARDS		<u>\$ 17,812,468</u>	<u>\$ 17,824,329</u>

*See accompanying auditors' report.*

*Page 25*