

**FOOD SECURITY FOR AMERICA, INC.
AUDITED FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT
FOR THE YEARS ENDED
DECEMBER 31, 2017 AND 2016**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Food Security for America, Inc.
4203 Harrogate Drive NW
Atlanta, GA 30327

Report on the Financial Statements

We have audited the accompanying financial statements of Food Security for America, Inc., a non-profit organization (the Organization), which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based upon our audits. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 upon 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 Organization'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 Organization'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.

To the Board of Directors
Food Security for America, Inc.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Food Security for America, Inc. as of December 31, 2017 and 2016, 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.

R MICHAEL LaBOUNTY & ASSOCIATES, PC

Atlanta, Georgia
March 20, 2018

**FOOD SECURITY FOR AMERICA, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2017 AND 2016**

	2017	2016
ASSETS		
ASSETS:		
Cash	\$ 44,932	\$ 17,979
Accounts receivable	<u>3,976</u>	<u>4,338</u>
Total assets	<u>\$ 48,908</u>	<u>\$ 22,317</u>
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable	<u>\$ 3,298</u>	<u>\$ 2,486</u>
Total liabilities	<u>3,298</u>	<u>2,486</u>
NET ASSETS:		
Unrestricted	<u>45,610</u>	<u>19,831</u>
Total liabilities and net assets	<u>\$ 48,908</u>	<u>\$ 22,317</u>

SEE INDEPENDENT AUDITOR'S REPORT AND ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

FOOD SECURITY FOR AMERICA, INC.
STATEMENTS OF ACTIVITIES
AS OF DECEMBER 31, 2017 AND 2016

	2017	2016
CHANGES IN UNRESTRICTED NET ASSETS		
REVENUES & SUPPORT:		
Contributions	\$ 170,875	\$ 156,933
Member fees	10,739	12,373
Government grants	18,039	4,338
Other income	536	2,505
Donations in-kind	<u>401,202</u>	<u>506,422</u>
Total revenues & support	<u>601,391</u>	<u>682,571</u>
EXPENSES:		
Program expenses	542,636	643,275
Fundraising expenses	295	2,649
General & administrative expenses	<u>32,681</u>	<u>18,275</u>
Total expenses	<u>575,612</u>	<u>664,199</u>
INCREASE IN UNRESTRICTED NET ASSETS	25,779	18,372
NET ASSETS - BEGINNING OF YEAR	<u>19,831</u>	<u>1,459</u>
NET ASSETS - END OF YEAR	<u>\$ 45,610</u>	<u>\$ 19,831</u>

SEE INDEPENDENT AUDITOR'S REPORT AND ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

FOOD SECURITY FOR AMERICA, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	Program Expenses	Fundraising Expenses	General & Administrative Expenses	Total
December 31, 2017				
Food expense	\$ 431,231	\$ -	\$ -	\$ 431,231
Personnel	92,687	-	19,825	112,512
Professional fees	-	-	12,350	12,350
Transportation	8,224	-	-	8,224
Travel	5,443	-	-	5,443
Supplies	5,051	295	506	5,852
	<u>542,636</u>	<u>295</u>	<u>32,681</u>	<u>575,612</u>
Total expenses	\$ <u>542,636</u>	\$ <u>295</u>	\$ <u>32,681</u>	\$ <u>575,612</u>
December 31, 2016				
Food expense	\$ 538,625	\$ -	\$ -	\$ 538,625
Personnel	93,050	2,139	7,748	102,937
Professional fees	-	-	10,200	10,200
Transportation	8,736	-	-	8,736
Travel	2,093	-	-	2,093
Supplies	771	510	327	1,608
	<u>643,275</u>	<u>2,649</u>	<u>18,275</u>	<u>664,199</u>
Total expenses	\$ <u>643,275</u>	\$ <u>2,649</u>	\$ <u>18,275</u>	\$ <u>664,199</u>

SEE INDEPENDENT AUDITOR'S REPORT AND ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

FOOD SECURITY FOR AMERICA, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES:		
Increase in net assets	\$ 25,779	\$ 18,372
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Decrease (increase) in accounts receivable	363	(4,338)
Increase (decrease) in accounts payable	812	(1,128)
	<u>26,954</u>	<u>12,906</u>
Net cash provided by operating activities	<u>26,954</u>	<u>12,906</u>
 NET INCREASE IN CASH	 26,954	 12,906
 CASH, BEGINNING OF YEAR	 <u>17,979</u>	 <u>5,073</u>
 CASH, END OF YEAR	 \$ <u><u>44,933</u></u>	 \$ <u><u>17,979</u></u>
 SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
 Cash paid during the year for:		
Interest	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>
Income taxes	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>

SEE INDEPENDENT AUDITOR'S REPORT AND ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

FOOD SECURITY FOR AMERICA, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

Founded and incorporated in 2012, Food Security for America, Inc. (the Organization) is a non-profit corporation operating out of facilities in Atlanta, Georgia. The Organization provides food for those in need in a way that affirms dignity and builds community. Funds are provided from member fees, contributions and grants.

Note A – Summary of Significant Accounting Policies

The Organization's Summary of Significant Accounting Policies is presented to assist in understanding its financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the statements' preparation. The financial statements and notes are representations of the Organization's management, who are responsible for their integrity and objectivity.

Basis of Accounting and Presentation - The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities. Information regarding its financial position and activities is presented under three separate net asset classifications: unrestricted, temporarily restricted and permanently restricted net assets. As of December 31, 2017 and 2016, there were no permanently restricted net assets.

Cash and Cash Equivalents - Cash and cash equivalents include all highly liquid investments purchased with an initial maturity of three months or less.

Accounts Receivable - The Organization records grants receivable upon execution of the grant contract. The primary payment source for these receivables is from contributors and cost reimbursement contracts. The Organization records an allowance for uncollectable accounts receivable and adjusts the required provision based upon an evaluation of its historical experience and industry averages. For both years ended December 31, 2017 and 2016, the Organization concluded that no allowance for uncollectable accounts was required.

In-Kind Donations – Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. If those conditions are met, then a contribution and an expense of equal amounts are recognized. Other donations in-kind are recorded at their estimated fair value at the date of donation. For the year ended December 31, 2017, the Organization recognized in-kind donations of food and professional services of \$394,002 and \$7,200, respectively. For the year ended December 31, 2016, Organization recognized in-kind donations of food and professional services of \$499,222 and \$7,200, respectively.

Restricted and Unrestricted Revenue – Donor-restricted contributions are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction expires or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending upon the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Costs Allocated to Programs - The Organization applies formulas to certain groups of expenses to allocate them between programs, resource development and administration. The allocation formulas are derived from labor costs based upon personnel assignments and/or the space and resources assigned to personnel involved in an activity. In addition, there are analyses of time expended for certain activities. Allocation formulas are reevaluated annually or as material changes warrant.

FOOD SECURITY FOR AMERICA, INC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

Note A – Summary of Significant Accounting Policies (continued)

Income Taxes - The Organization is exempt from federal income taxes under Section 501(c) (3) of the Internal Revenue Code. The Organization qualifies for the charitable contribution deduction under Section 170(b) (1) (A) and has been classified as an organization other than a private foundation under Section 509(a) (2). Income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. For the years ended December 31, 2017 and 2016, the Organization did not have any unrelated business income and, accordingly, no unrelated business income tax. The Financial Accounting Standards Board has issued an Interpretation clarifying when an uncertainty in income taxes should be recognized or disclosed in the Organization's financial statements. The Organization has reviewed its tax positions and has determined that there are no tax uncertainties requiring recognition or disclosure for the years open to potential IRS examination (2014-2017).

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 affecting the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates.

Note B – Concentration of Credit and Other Risks

The Organization maintains its cash at financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). The FDIC-insured limit is \$250,000 per accountholder per financial institution. As of December 31, 2017 and 2016 the Organization's balances did not exceed these insured limits. Management believes that the FDIC backing and the quality of the financial institution with which these amounts are deposited minimizes any potential risk of material loss. The Organization depends on government grants and private contributions for a significant portion of its revenues. These revenues may be negatively affected if overall economic conditions deteriorate in the future. Some government grants and private contributions may require the Organization to meet certain conditions and to return the funds if those conditions are not fulfilled. The Organization has never returned funds as the result of not fulfilling conditions and management believes that this contingency is unlikely to occur in the future.

Note C – Subsequent Events

Management has evaluated events and transactions which occurred through March 20, 2018, which was the date the financial statements were available to be issued. As a result of this evaluation, management has determined that no events or transactions are required to be disclosed.