

GOING FURTHER

SECOND HARVEST OF SOUTH GEORGIA, INC.

FINANCIAL REPORT
DECEMBER 31, 2024



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Independent Auditor's Report

**To the Board of Directors
Second Harvest of South Georgia, Inc.
Valdosta, Georgia**

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Second Harvest of South Georgia, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Second Harvest of South Georgia, Inc. as of December 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards *and Government Audit 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 Audit Standards*, we:

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 22, 2025, on our consideration of Second Harvest of South Georgia, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Second Harvest of South Georgia, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Second Harvest of South Georgia, Inc.'s internal control over financial reporting and compliance.



Mauldin & Jenkins, LLC

Albany, Georgia
July 22, 2025

Second Harvest of South Georgia, Inc.

STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 4,235,212	\$ 3,926,165
Restricted cash	2,709,867	705,882
Accounts receivable	177,349	320,472
Employee receivable	1,991	4,045
Unconditional promises to give, current	25,000	275,500
Grant receivable	165,682	128,789
Inventories	7,517,762	7,245,842
Total current assets	<u>14,832,863</u>	<u>12,606,695</u>
Property, plant, and equipment		
Land	1,563,194	1,646,342
Buildings	3,685,992	5,212,908
Leasehold improvements	259,248	262,880
Fixtures and equipment	2,227,228	2,259,488
Vehicles	1,610,340	1,448,532
Construction in progress	22,495,197	1,310,582
Construction in progress - equipment	407,154	-
	<u>32,248,353</u>	<u>12,140,732</u>
Less accumulated depreciation	4,383,206	4,898,981
Total property, plant, and equipment	<u>27,865,147</u>	<u>7,241,751</u>
Investment in Community Foundation of South Georgia, Inc.	<u>29,529</u>	<u>25,406</u>
Unconditional promises to give	<u>50,000</u>	<u>75,300</u>
Total assets	<u>\$ 42,777,539</u>	<u>\$ 19,949,152</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 2,271,750	\$ 278,645
Accrued liabilities	153,460	125,509
Retainage payable	1,033,245	-
Revolving line of credit	1,039,910	2,995,745
Current portion of finance leases payable	54,330	72,627
Current portion of long-term debt	143,230	138,155
Total current liabilities	<u>4,695,925</u>	<u>3,610,681</u>
Finance lease liability	<u>-</u>	<u>51,455</u>
Long-term debt	<u>4,787,684</u>	<u>4,930,917</u>
Without donor restrictions	13,866,426	9,550,301
With donor restrictions	19,427,504	1,805,798
Net assets	<u>33,293,930</u>	<u>11,356,099</u>
Total liabilities and net assets	<u>\$ 42,777,539</u>	<u>\$ 19,949,152</u>

The Notes to Financial Statements are an Integral Part of These Statements.

Second Harvest of South Georgia, Inc.

STATEMENTS OF ACTIVITIES YEAR ENDED DECEMBER 31, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Public support, revenues, and reclassifications			
Donations of food	\$ 41,516,423	\$ -	\$ 41,516,423
Contribution of facility	-	18,000,000	18,000,000
Contributions	1,203,257	3,684,578	4,887,835
Special events	-	244,620	244,620
Shared maintenance fees	1,358,178	-	1,358,178
Grants	3,486,981	80,000	3,566,981
Interest and dividend income	43,215	-	43,215
Other agency receipts	6,754	-	6,754
Other income	119,647	-	119,647
Gain on sale of assets/securities	1,007,905	-	1,007,905
Total public support, revenues, and reclassifications	<u>48,742,360</u>	<u>22,009,198</u>	<u>70,751,558</u>
Net assets released from restrictions			
Restrictions satisfied by payments	4,387,492	(4,387,492)	-
Total public support, revenues, reclassifications, and net assets released from restrictions	<u>53,129,852</u>	<u>17,621,706</u>	<u>70,751,558</u>
Expenses			
Program services	47,199,775	-	47,199,775
Supporting services			
Management and general	1,375,119	-	1,375,119
Fund-raising	238,833	-	238,833
Total supporting services	<u>1,613,952</u>	<u>-</u>	<u>1,613,952</u>
Total expenses	<u>48,813,727</u>	<u>-</u>	<u>48,813,727</u>
Increase in net assets	4,316,125	17,621,706	21,937,831
Net assets, beginning of year	<u>9,550,301</u>	<u>1,805,798</u>	<u>11,356,099</u>
Net assets, end of year	<u>\$ 13,866,426</u>	<u>\$ 19,427,504</u>	<u>\$ 33,293,930</u>

The Notes to Financial Statements are an Integral Part of This Statement.

Second Harvest of South Georgia, Inc.

STATEMENTS OF ACTIVITIES YEAR ENDED DECEMBER 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Public support, revenues, and reclassifications			
Donations of food	\$ 30,587,560	\$ -	\$ 30,587,560
Contributions	917,904	1,431,590	2,349,494
Special events	-	35,017	35,017
Shared maintenance fees	1,173,739	-	1,173,739
Membership dues and fees	-	-	-
Grants	2,119,237	75,000	2,194,237
Interest and dividend income	6,216	-	6,216
Other agency receipts	34,352	-	34,352
Other income	139,916	-	139,916
Loss on sale of assets/securities	2,826	-	2,826
Total public support, revenues, and reclassifications	<u>34,981,750</u>	<u>1,541,607</u>	<u>36,523,357</u>
Net assets released from restrictions			
Restrictions satisfied by payments	1,685,615	(1,685,615)	-
Total public support, revenues, reclassifications, and net assets released from restrictions	<u>36,667,365</u>	<u>(144,008)</u>	<u>36,523,357</u>
Expenses			
Program services	34,862,933	-	34,862,933
Supporting services:			
Management and general	1,253,038	-	1,253,038
Fund-raising	210,551	-	210,551
Total supporting services	<u>1,463,589</u>	<u>-</u>	<u>1,463,589</u>
Total expenses	<u>36,326,522</u>	<u>-</u>	<u>36,326,522</u>
(Decrease) increase in net assets	<u>340,843</u>	<u>(144,008)</u>	<u>196,835</u>
Net assets, beginning of year, as restated	<u>9,209,458</u>	<u>1,949,806</u>	<u>11,159,264</u>
Net assets, end of year	<u>\$ 9,550,301</u>	<u>\$ 1,805,798</u>	<u>\$ 11,356,099</u>

The Notes to Financial Statements are an Integral Part of This Statement.

Second Harvest of South Georgia, Inc.

STATEMENTS OF FUNCTIONAL EXPENSES YEAR ENDED DECEMBER 31, 2024

	Program Services		Supporting Services		Total Expenses
	Food Distribution	Management and General	Fund-raising		
Cost of food distribution	\$ 41,087,909	\$ -	\$ -	\$ 41,087,909	
Transportation costs	323,038	-	-	323,038	
Salaries, wages, employee insurance, payroll taxes, and workman's compensation insurance	1,194,098	445,536	176,048	1,815,682	
Special events	24,710	-	711	25,421	
Warehouse supplies and expenses	871,671	-	-	871,671	
Kids Café program	1,237,314	-	-	1,237,314	
NMAC	51	-	-	51	
Summer feeding program	332,273	-	-	332,273	
Office expense	-	101,047	-	101,047	
Lease expense	115,110	-	-	115,110	
Insurance	-	132,414	-	132,414	
Dues and memberships	-	51,288	-	51,288	
Legal and accounting	-	32,331	-	32,331	
Telephone	-	82,426	-	82,426	
Travel	-	92,158	-	92,158	
Interest expense	61,113	190,976	-	252,089	
Miscellaneous expense	-	159,577	-	159,577	
Bank charges	-	24,687	-	24,687	
Postage	-	5,022	-	5,022	
Other professional fees	-	38,936	49,250	88,186	
Purchased food products - other	332,905	-	-	332,905	
Purchased food products - GNAP	6,956	-	-	6,956	
Disaster services	176,797	-	-	176,797	
Catering expense	12,973	-	-	12,973	
Donor development	-	-	12,100	12,100	
Advertising and promotions	50	-	724	774	
Staff meals	-	10,293	-	10,293	
Inventory spoilage	1,071,083	-	-	1,071,083	
Total expenses before depreciation	46,848,051	1,366,691	238,833	48,453,575	
Depreciation	351,724	8,428	-	360,152	
Total expenses	\$ 47,199,775	\$ 1,375,119	\$ 238,833	\$ 48,813,727	

The Notes to Financial Statements are an Integral Part of This Statement.

Second Harvest of South Georgia, Inc.

STATEMENTS OF FUNCTIONAL EXPENSES YEAR ENDED DECEMBER 31, 2023

	Program Services	Supporting Services		Total Expenses
	Food Distribution	Management and General	Fund-raising	
Cost of food distribution	\$ 28,627,902	\$ -	\$ -	\$ 28,627,902
Transportation costs	285,582	-	-	285,582
Salaries, wages, employee insurance, payroll taxes, and workman's compensation insurance	1,217,722	468,402	128,372	1,814,496
Teachers' Harvest	-	-	-	-
Special events	23,812	-	21,430	45,242
Warehouse supplies and expenses	573,291	-	-	573,291
Kids Café program	1,165,230	-	-	1,165,230
NMAC	605	-	-	605
Summer feeding program	213,737	-	-	213,737
Office expense	-	117,831	-	117,831
Lease expense	164,344	-	-	164,344
Insurance	-	138,765	-	138,765
Dues and memberships	-	40,671	-	40,671
Legal and accounting	-	31,202	-	31,202
Telephone	-	58,833	-	58,833
Travel	-	88,359	-	88,359
Interest expense	211,714	178,843	-	390,557
Miscellaneous expense	1,620	54,096	-	55,716
Bank charges	-	14,853	-	14,853
Postage	-	5,021	-	5,021
Other professional fees	-	37,835	44,701	82,536
Purchased food products - other	16,254	-	-	16,254
Purchased food products - GNAP	6	-	-	6
Power purchase products	-	-	-	-
Disaster services	216,877	-	-	216,877
Catering expense	5,193	-	-	5,193
Donor development	-	-	8,589	8,589
Advertising and promotions	-	-	7,459	7,459
Staff meals	-	8,795	-	8,795
Inventory spoilage	1,800,491	-	-	1,800,491
Total expenses before depreciation	34,524,380	1,243,506	210,551	35,978,437
Depreciation	338,553	9,532	-	348,085
Total expenses	\$ 34,862,933	\$ 1,253,038	\$ 210,551	\$ 36,326,522

The Notes to Financial Statements are an Integral Part of This Statement.

Second Harvest of South Georgia, Inc.

STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash Flows from Operating Activities		
Increase in net assets	\$ 21,937,831	\$ 196,835
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	360,152	348,085
(Gain) loss on sale of equipment	(1,003,602)	2,188
Realized and unrealized (gain) loss on investments	(4,123)	(4,750)
Non-cash donations	(59,516,423)	(30,587,560)
Non-cash expenses	41,276,233	29,707,075
Changes in operating assets and liabilities:		
(Increase) decrease in receivables	143,123	(49,842)
Increase in unconditional promises to give	275,800	149,900
(Increase) decrease in inventory	(31,730)	300,311
(Increase) decrease in other receivables	(34,839)	786,388
Increase in accounts payable and accrued expenses	3,054,301	210,768
Net cash provided by operating activities	<u>6,456,723</u>	<u>1,059,398</u>
Cash Flows from Investing Activities		
Proceeds from sale of capital assets	1,931,000	-
Purchases of capital assets	(3,910,946)	(275,745)
Net cash used in investing activities	<u>(1,979,946)</u>	<u>(275,745)</u>
Cash Flows from Financing Activities		
Draws on line of credit	1,039,910	-
Payments on line of credit	(2,995,745)	-
Payments on long-term debt	(138,158)	(132,172)
Payments on finance leases	(69,752)	(92,062)
Net cash used in financing activities	<u>(2,163,745)</u>	<u>(224,234)</u>
Net increase in cash	2,313,032	559,419
Cash, beginning of year	4,632,047	4,072,628
Cash, end of year	<u>\$ 6,945,079</u>	<u>\$ 4,632,047</u>
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest	<u>\$ 252,089</u>	<u>\$ 390,557</u>
Supplemental Disclosures of Cash		
Cash and cash equivalents	\$ 4,235,212	\$ 3,926,165
Restricted cash	2,709,867	705,882
Total cash, cash equivalents, and restricted cash	<u>\$ 6,945,079</u>	<u>\$ 4,632,047</u>

The Notes to Financial Statements are an Integral Part of These Statements.

Notes To Financial Statements

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the Second Harvest of South Georgia, Inc. (the "Organization") conform with United States generally accepted accounting principles ("GAAP") and practices within the not-for-profit industry. The policies that materially affect financial position and results of operations are summarized as follows:

Nature of Operations

The Organization operates as a nonprofit entity that is engaged in the activity of providing food (including prepared and unprepared food) and related products to qualified nonprofit organizations which in turn provide food to the hungry and needy. Support comes primarily from the general public, grants from federal and state agencies, the United Way, grocery stores, and other food distributors. The Organization is also a certified member of Feeding America, the Nation's Food Bank Network.

The Organization obtains donations from the following contracts with governmental agencies:

1. The Emergency Food and Shelter Program ("EFSP") represents federal funds that have been distributed to the Organization through the United Way acting as fiscal agent for the Emergency Food and Shelter National Board Program. These funds are designated for the purchase of food for distribution to qualified agencies.
2. The United States Department of Agriculture ("USDA") and The Emergency Food Assistance Program ("TEFAP") provides temporary emergency food assistance to the Valdosta-Lowndes County community and is funded through the State of Georgia Department of Human Services, acting for the USDA.
3. The Georgia Nutrition Assistance Program ("GNAP") provides time-limited assistance to needy families with children so that the children can be cared for in their own homes or in homes of relatives and is funded through the State of Georgia Department of Human Services, acting for the Administration for Children and Families ("ACF").
4. The Child and Adult Care Food Program ("CACFP") provides nutritious meals and snacks to eligible children and adults who are enrolled for care at participating childcare centers, adult care centers, outside-school-hours care centers, at-risk afterschool programs, family and group day care homes, and emergency shelters. CACFP is funded through the State of Georgia Department of Early Care and Learning, acting for the USDA.
5. The Summer Food Service Program's ("SFSP") objective is to provide meals to eligible children during the summer months and at other approved times, when school is not in session. SFSP is funded through the State of Georgia Department of Early Care and Learning, acting for the USDA.
6. The Commodity Supplemental Food Program ("CSFP") is designed to meet the unique nutritional needs of senior participants, supplementing diets with a monthly package of healthy, nutritious USDA commodities. CSFP is funded through the State of Georgia Department of Human Services through its Department of Family and Children Services, acting for the USDA.

NOTE 1.**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Use of Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Revenue Recognition

Grants and contributions received are recorded as without donor restriction or with donor restriction, depending on the existence or nature of any donor restrictions.

Revenue that is restricted by the donor is reported as increases in net assets without donor restriction if the restriction expires or is met 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 restriction, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose of restriction is accomplished), net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restrictions.

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Contributions received from the general public during the Food Bank's annual food drive campaign are recognized when received. Donations and grants are generally recognized when received by the Organization. TEFAP, GNAP, SFSP, CSFP, and CACFP revenue is recognized as the related food distribution services are provided to member agencies.

The Organization also charges a shared maintenance fee of up to \$0.23 per pound on certain food distributed to member agencies to cover distribution costs. These fees are recognized as the related food distribution services are provided to member agencies.

NOTE 1.**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Net Assets**

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. There were \$19,427,504 and \$1,805,798 in net assets with donor restrictions at December 31, 2024 and 2023, respectively.

Cash

Cash consists principally of checking account balances. The Organization considers all cash and highly liquid investments with original maturities of three months or less to be cash equivalents.

Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash equivalents. The Organization places its cash equivalents with financial institutions and limits the amount of credit exposure to any one financial institution. From time to time, the Organization's cash balances exceed federal depository insurance coverage and management considers this to be a normal business risk. The Organization has not experienced any losses on its cash equivalents.

Investment in Community Foundation of South Georgia, Inc.

The Organization has established the America's Second Harvest of South Georgia, Inc. Endowment Fund (a component unity of the Community Foundation of South Georgia, Inc.). The investment is carried at fair value.

NOTE 1.**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Property, Plant, and Equipment**

Property, plant, and equipment are stated at cost if purchased or fair value if donated. Maintenance and repairs are expensed as incurred while major additions and improvements are capitalized. Depreciation is provided on the straight-line basis over the estimated useful lives of the assets as follows:

Building	39 years
Leasehold improvements	7 years
Fixtures and equipment	5-7 years
Vehicles	5 years

Total depreciation expense amounted to \$360,152 and \$348,085 for the years ended December 31, 2024 and 2023, respectively.

Construction in progress relates to a new facility that was completed in May of 2025. The total building project is approximately \$25 million, with funding to come from a combination of grants and gifts. The project has a cost of \$22,495,197 and \$1,310,582 for the years ended December 31, 2024 and 2023, respectively. See note 12 for details of the facility.

There was also construction in progress related to equipment, with funding coming from a combination of grants and gifts. The total project had a cost of \$407,154 and \$- for the years ended December 31, 2024 and 2023, respectively. The total estimated cost of completion is approximately \$410,000.

Substantially all property is pledged to secure loans outstanding.

Donated Services

No amounts have been reflected in the accompanying financial statements for donated services. The Organization depends upon the services donated by volunteers to carry out many of its internal operations. However, the services donated do not meet the current reporting requirements under ASC Topic 958, *Not-for-Profit Entities*, which would require recognition in the financial statements.

In-kind Contributions and Inventories

Inventories include donated food, donated non-food, purchased inventory, and undistributed USDA commodities. Donated food and non-food received from food drives, food companies, grocery stores, Feeding America, and the USDA is valued at \$1.97 per pound for the year ended December 31, 2024 and \$1.93 per pound for the year ended December 31, 2023. These values represent the estimated average market value at the date of gift, based on studies commissioned by Feeding America. Purchased inventory is reported at cost. The Organization recognizes contributed food inventory within revenue on the Statements of Activities. The contributed food inventory is used in program support.

NOTE 1.**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Accounts Receivable**

The Organization charges a share maintenance fee to recover a portion of the cost of food purchasing, storage, handling, and delivery to other not-for-profit agencies. Accounts receivable are reported at gross sales price less any applicable payments, adjustments, or allowances for uncollectible accounts. The Organization extends credit based on evaluation of those agencies' financial condition and generally does not require collateral.

The Organization estimates an allowance for credit loss based on its knowledge of agencies' individual credit circumstances, the Organization's historical loss experience, and other current economic conditions. Accounts determined to be uncollectible are charged-off against the allowance in the period of determination. Subsequent recoveries of amount previously charged-off are credited to the allowance in the period received.

Unconditional Promises to Give

Unconditional promises to give consist of the United Way of Lowndes County, Inc. allocations for the current year that remains to be collected on a monthly basis in the subsequent year. The total amount of the allocation for the year is recognized as net assets with donor restriction and are reclassified from net assets with donor restriction to net assets without donor restriction on a monthly basis. Unconditional promises to give from United Way of Lowndes County, Inc. were \$- for each of the years ended December 31, 2024 and 2023. In addition, pledges are recognized in the period the Organization is notified of the commitment. Pledges receivable totaled \$75,000 and \$350,800, net of discount, if applicable, for the years ended December 31, 2024 and 2023, respectively. The Organization believes all contributions and pledges receivable will be collected.

Functional Expense Allocation

Directly identifiable expenses are charged to programs and supporting services. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization. The expenses that are allocated include personnel costs, occupancy, travel, insurance, professional fees, interest expense, and technology. Expenses are allocated to programs based on the amount of time that personnel spend on the program, or based on the percentage the particular program is estimated to use the particular expense, whether it is square footage of space used, basis of estimates of time and effort, or another reasonable method based on the type of expense.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Tax Status

The Organization is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code (the "Code") and is exempt from Federal income taxes on related income pursuant to Section 501 of the Code. However, any income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income.

The Organization accounts for income taxes in accordance with income tax accounting guidance in ASC Topic 740, *Income Taxes*. The Organization follows the statutory requirement for its income tax accounting and generally avoids risks associated with potentially problematic tax positions that may be challenged upon examination. Management believes any liability resulting from taxing authorities imposing additional income taxes from activities deemed to be unrelated to the Organization's nontaxable status would not have a material effect on the Organization's financial statements. With few exceptions, the Organization is no longer subject to tax examinations by tax authorities for years before 2021.

Advertising Costs

Advertising costs are charged to expense as incurred.

Subsequent Events

Management performed an evaluation of subsequent events through July 22, 2025, the date these financial statements were available to be issued.

NOTE 2. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions or internal designations.

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 4,235,212	\$ 3,926,165
Accounts receivable, promises to give, and grants receivable	368,031	724,761
Less restricted net assets	<u>-</u>	<u>(1,099,916)</u>
Total financial assets available to meet cash expenditures within one year	<u>\$ 4,603,243</u>	<u>\$ 3,551,010</u>

The Organization manages its liquidity by developing and adopting annual operating budgets that provide sufficient funds for general expenditures in meeting its liabilities and other obligations as they become due. Cash needs of the Organization are expected to be met on a monthly basis from program service fees and contributions. In general, the Organization maintains sufficient financial assets on hand to meet 30 days of normal operating expenses.

NOTE 3. INVENTORY

Inventories consist of the following as of December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Donated inventory	\$ 7,334,202	\$ 7,094,012
Purchased inventory	183,560	151,830
	<u>\$ 7,517,762</u>	<u>\$ 7,245,842</u>

NOTE 4. GRANTS RECEIVABLES

Grants receivable of \$165,682 and \$128,789 represent monies that the Organization has already expended in food and other purchases as of December 31, 2024 and 2023, respectively, which are reimbursable under various grant agreements.

NOTE 5. INVESTMENT IN COMMUNITY FOUNDATION OF SOUTH GEORGIA, INC.

The America's Second Harvest of South Georgia Endowment Fund is held and managed by the Community Foundation of South Georgia, Inc. The fund is 100% invested in the Community Foundation of South Georgia, Inc.'s equity pool and allocated between large cap, mid cap, small cap, international, and cash equities. Investment return (loss) for the years ended December 31, 2024 and 2023 was \$4,123 and \$4,750, respectively.

NOTE 6. NOTES PAYABLE AND LONG-TERM DEBT

Long-term debt consists of the following as of December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Note payable to USDA, monthly principal and interest payments of \$25,521 beginning November 2019, including interest at a rate of 3.50%, maturity date of July 2048, secured by real estate.	\$ 4,908,664	\$ 5,040,604
Note payable to Ally Financial, monthly principal and interest payments of \$646 beginning March 2023, including interest at a rate of 6.00%, maturity date of February 2028, secured by vehicle.	22,250	28,468
	<u>4,930,914</u>	<u>5,069,072</u>
Less current maturities	143,230	138,155
	<u>\$ 4,787,684</u>	<u>\$ 4,930,917</u>

NOTE 6. NOTES PAYABLE AND LONG-TERM DEBT (CONTINUED)

Maturities of long-term indebtedness for the next five years are as follows:

Year ending December 31,	
2025	\$ 143,230
2026	148,497
2027	153,962
2028	152,932
2029	157,126
Thereafter	<u>4,175,167</u>
	<u>\$ 4,930,914</u>

The Organization refinanced its long-term debt with the USDA in October 2019. The new agreement requires monthly principal and interest payments of \$25,251 through 2048. Interest is fixed at 3.50%. Prior to the refinance, the Organization was making interest only payments under a Workout Agreement. Also, as part of the new agreement, approximately \$372,000 of accrued interest was added to the principal. In addition to the funds needed to service principal and interest payments on the USDA loan each year, the Organization must also maintain a required reserve fund equal to 10% of the annual installment of principal and interest. This amount would be approximately \$33,000 for ten years commencing during 2020.

The Organization had a revolving line of credit with Synovus Bank in the amount of \$500,000. The line bore interest at prime (8.50% as of December 31, 2023), matured in July 2024, and was secured by real estate. The outstanding balance at December 31, 2023 was \$299,745.

In 2022, the Organization entered a line of credit with Synovus Bank in the amount of \$2,696,000, advanced in full, which was used to purchase the land that will be used for the construction of the new Valdosta food distribution warehouse. The line bore interest at 7.00% and was paid in full on April 1, 2024. In 2024, the Organization re-entered into the same line of credit with a max line of \$4,000,000, which bears interest at 7.50% and matures September 12, 2025. The line has an outstanding balance of \$1,039,910 as of December 31, 2024.

Interest expense for the years ended December 31, 2024 and 2023 was \$252,089 and \$390,557, respectively.

NOTE 7. LEASES

The Organization leases office space and office equipment under short-term leases with month-to-month terms. The Organization also leases certain vehicles and warehouse equipment under lease purchase agreements from various leasing entities, which are accounted for as finance leases. The assets have a capitalized cost of \$747,677 included in fixtures and equipment/vehicles, and accumulated amortization of \$643,906 and \$507,591 as of December 31, 2024 and 2023, respectively.

NOTE 7. LEASES (CONTINUED)

The following is a summary of the finance leases as of December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Financing lease obligation to Toyota Commercial Finance, monthly installments of \$582.56, interest at 8.45%, matures March 29, 2024, secured by equipment.	\$ -	\$ 1,723
Financing lease obligation to Toyota Commercial Finance, monthly installments of \$478.29, interest at 8.65%, matures October 1, 2024, secured by equipment.	-	4,598
Financing lease obligation to Ryder Truck Rental, Inc., monthly installments of \$5,508, interest at 3.00%, matures October 2025, secured by equipment.	54,330	117,761
	<u>54,330</u>	<u>124,082</u>
Less current portion	<u>54,330</u>	<u>72,627</u>
	<u>\$ -</u>	<u>\$ 51,455</u>

Future minimum payments, by year and in the aggregate, under finance lease with initial or remaining terms of one year or more are due as follows:

Finance lease maturities

Year ending December 31, 2025	<u>\$ 55,083</u>
	55,083
Less amounts representing interest	<u>753</u>
Present value of net minimum finance lease payments	<u>\$ 54,330</u>

NOTE 8. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of restricted cash, grant receivables, and unconditional promises to give and are restricted for the following purposes or periods:

	<u>2024</u>	<u>2023</u>
Subject to future expenditure for specified purpose:		
Purchase of trailer	\$ 184,989	\$ 50,000
Operation of contributed facility as a food bank	18,120,838	461,520
	<u>18,305,827</u>	<u>511,520</u>
Subject to future expenditure for specified time:		
Support for operations	1,121,677	1,294,278
Total net assets with donor restrictions	<u>\$ 19,427,504</u>	<u>\$ 1,805,798</u>

There were releases from restrictions during the years ended December 31, 2024 and 2023 of \$4,387,492 and \$1,685,615, respectively. Net assets were released from donor-imposed restrictions by incurring expenses during the years ended December 31, 2024 and 2023 for the following: capital expenditures of \$1,917,250 and \$961,500, respectively, and operating expenses of \$2,470,242 and \$724,115, respectively.

NOTE 9. UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give consists of the following as of December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Unconditional promises	\$ 75,000	\$ 350,800
Less unamortized discount	-	-
Net unconditional promises to give	<u>\$ 75,000</u>	<u>\$ 350,800</u>

Maturities of unconditional promises to give by year are as follows:

Year ending December 31,	
2025	\$ 75,000
	<u>\$ 75,000</u>

NOTE 10. RETIREMENT PLAN

Effective January 1, 2014, the Organization adopted a defined contribution type qualified retirement plan. The plan allows for participation by employees who have reached age 21 and who incur 1,000 hours of service in a year. The plan provides for salary deferral contributions by employees, matching contributions, and profit sharing contributions by the Organization. The Organization has not made any matching contributions or profit sharing contributions since inception.

NOTE 11. FAIR VALUE MEASUREMENTS

The Organization utilizes fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. In accordance with ASC Topic 820, *Fair Value Measurements and Disclosures*, the fair value of a financial instrument is 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. Fair value is best determined based upon quoted market prices. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate, and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument.

ASC Topic 820 provides a consistent definition of fair value, which focuses on exit price in an orderly transaction between market participants at the measurement date under current market conditions. If there has been a significant decrease in the volume and level of activity for the asset or liability, a change in valuation technique or the use of multiple valuation techniques may be appropriate. In such instances, determining the price at which willing market participants would transact at the measurement date under current market conditions depends on the facts and circumstances and requires the use of significant judgment. The fair value is a reasonable point within the range that is most representative of fair value under current market conditions.

ASC Topic 820 also establishes a three-tier fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value, as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access.

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

Level 3 - Significant unobservable inputs that reflect the Organization's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

NOTE 11. FAIR VALUE MEASUREMENTS (CONTINUED)

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2024 and 2023.

Donated Inventory: Valued based on poundage times a standard rate. The standard rate is updated annually based on a study commissioned by Feeding America, which is classified as Level 3. The inputs used in the valuation include twenty-nine product types calculating a weighted average value for the year based on actual donated pounds by type on a national level.

Community Foundation Funds: These are carried at fair value based on the net asset value as reported by the Community Foundation. The assets are invested in fixed income or equity income pools managed by the Community Foundation in accordance with its investment policy statements.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of donated inventory could result in a different fair value measurement at the reporting date.

The table below presents the recorded amount of assets measured at fair value on a recurring basis as of December 31, 2024:

	Balance as of December 31, 2024	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Unobservable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Community Foundation of South Georgia, Inc.	\$ 29,529	\$ 29,529	\$ -	\$ -
Donated inventory	<u>7,334,202</u>	<u>-</u>	<u>-</u>	<u>7,334,202</u>
	<u>\$ 7,363,731</u>	<u>\$ 29,529</u>	<u>\$ -</u>	<u>\$ 7,334,202</u>

The table below presents the recorded amount of assets measured at fair value on a recurring basis as of December 31, 2023:

	Balance as of December 31, 2023	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Unobservable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Community Foundation of South Georgia, Inc.	\$ 25,406	\$ 25,406	\$ -	\$ -
Donated inventory	<u>7,094,012</u>	<u>-</u>	<u>-</u>	<u>7,094,012</u>
	<u>\$ 7,119,418</u>	<u>\$ 25,406</u>	<u>\$ -</u>	<u>\$ 7,094,012</u>

NOTE 11. FAIR VALUE MEASUREMENTS (CONTINUED)

The table below presents additional information about assets measured at fair value on a recurring basis by reliance on Level 3 inputs to determine fair value at December 31, 2024 and 2023.

	<u>2024</u>	<u>2023</u>
Beginning balance	\$ 7,094,012	\$ 6,213,527
Food received	41,516,423	30,587,560
Food distributed	<u>(41,276,233)</u>	<u>(29,707,075)</u>
Ending balance	<u>\$ 7,334,202</u>	<u>\$ 7,094,012</u>

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the period. For the years ended December 31, 2024 and 2023, there were no transfers in or out of Levels 1, 2, or 3.

NOTE 12. DISTRIBUTION FACILITY CONSTRUCTION IN PROGRESS

In November 2021 Lowndes County received \$18,000,000 in CDBG-CV funds from the Georgia Department of Community Affairs (DCA) to address food insecurity and healthcare access. Lowndes County, as the recipient and fiscal agent, entered into an agreement with the Valdosta-Lowndes County Industrial Authority (VLCIA) to administer these funds. VLCIA, as a subgrant recipient, subsequently entered into an agreement with Second Harvest of South Georgia, Inc. to undertake capital improvement projects that will expand its service capabilities to low-to-moderate income Georgia residents within its service area.

A Subrogation and Assignment Agreement was also executed in November 2021 between Lowndes County and Second Harvest of South Georgia, Inc. This agreement assigns to the DCA, on behalf of the state of Georgia, any claims, future rights to reimbursement, and payments received by Second Harvest of South Georgia, Inc. from other sources (such as insurance, FEMA, or the Small Business Association) that duplicate the CDBG-CV benefits. Any such "Duplication of Benefits Proceeds" must be remitted to Lowndes County within forty-five calendar days of notification. Second Harvest of South Georgia, Inc. is required to operate the facility for which CDBG-CV funding was used for a minimum of ten years as a local community food bank, food pantry, or rural health care facility from the date of the Certificate of Occupancy.

In July 2024, Lowndes County transferred the project to Second Harvest and they began funding the remainder of the construction. Second Harvest recognized contribution income on the statement changes for the year ending December 31, 2024 in the amount of \$18,000,000 representing the fair value of the facility at the time of transfer. Total cost of construction is approximately \$25m. The project has a cost of \$22,495,197 and \$1,310,582 for the years ended December 31, 2024 and 2023, respectively. Second Harvest subsequently received the certificate of occupancy in March 2025 and officially opened May 2025.

SUPPLEMENTARY INFORMATION

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Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

**To the Board of Directors
Second Harvest of South Georgia, Inc.
Albany, Georgia**

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 of South Georgia, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2024, 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 July 22, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Second Harvest of South Georgia, Inc.'s internal control over financial reporting (internal control) as a basis for designing 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 Second Harvest of South Georgia, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Second Harvest of South Georgia, Inc.'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 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.

Mauldin & Jenkins, LLC

Albany, Georgia
July 22, 2025



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
Second Harvest of South Georgia, Inc.
Albany, Georgia**

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Second Harvest of South Georgia, Inc.'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 Second Harvest of South Georgia, Inc.'s major federal programs for the year ended December 31, 2024. Second Harvest of South Georgia, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Second Harvest of South Georgia, Inc. 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, 2024.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of Second Harvest of South Georgia, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Second Harvest of South Georgia, Inc.'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 Second Harvest of South Georgia, Inc.'s federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are 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 Second Harvest of South Georgia, Inc.'s compliance based on our 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 Second Harvest of South Georgia, Inc.'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, we:

- 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 Second Harvest of South Georgia, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Second Harvest of South Georgia, Inc.'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 Second Harvest of South Georgia, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are 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.

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

Our 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 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.

Mauldin & Jenkins, LLC

Albany, Georgia
July 22, 2025

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Second Harvest of South Georgia, Inc.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED DECEMBER 31, 2024

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed- through to Subrecipients	Total Federal Expenditures
Federal Grants				
U.S. Department of Agriculture				
Passed through the Georgia Department of Human Services				
Food Distribution Cluster				
The Emergency Food Assistance Program - Food Commodities	10.569	Various	\$ 15,712,017	\$ 15,712,017
The Emergency Food Assistance Program - Administrative Costs	10.568	42700-040-0000112629	-	566,857
The Emergency Food Assistance Program - Administrative Costs	10.568	42700-040-25-117824	-	21,881
DFCS - Commodity Supplemental Food Program - Food Commodities	10.565	42700-040-0000086813	1,943,232	1,943,232
DFCS - Commodity Supplemental Food Program - Administrative Costs	10.565	42700-040-0000086813	-	123,121
Total Food Distribution Cluster			<u>17,655,249</u>	<u>18,367,108</u>
U.S. Department of Agriculture				
Community Facilities Loans and Grants	10.766	N/A	-	<u>5,040,604</u>
Passed through the Georgia Department of Early Care and Learning				
Child Nutrition Cluster				
Summer Food Assistance Program	10.559	03309	-	408,087
Total Child Nutrition Cluster			-	<u>408,087</u>
Child and Adult Day Care Food Program	10.558	03309	-	<u>1,313,152</u>
U.S. Department of Health And Human Services				
Passed through the Georgia Department of Human Services				
Temporary Assistance for Needy Families	93.558	Various	844,759	<u>844,759</u>
Total Expenditures of Federal Awards			<u>\$ 18,500,008</u>	<u>\$ 25,973,710</u>

The Notes to the Schedule of Expenditures of Federal Awards are an Integral Part of This Schedule.

Notes to the Schedule of Expenditures of Federal Awards

NOTE 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Organization under programs of the federal government for the year ended December 31, 2024. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations ("CFR") 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 the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

NOTE 2. 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 the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursements.

NOTE 3. INDIRECT COST RATE

The Organization has elected to not use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 4. USDA COMMUNITY FACILITIES LOAN OUTSTANDING

The Organization has a loan from the USDA that has balance of \$4,908,664 at December 31, 2024. No loan proceeds were drawn in 2024 or 2023.

NOTE 5. FOOD DISTRIBUTION

Non-monetary assistance is reported in the schedule at fair market value at the time of donation of the commodities disbursed. Non-monetary assistance is reported in the Schedule of Expenditures of Federal Awards was \$18,500,008 for the year ended December 31, 2024. The value per pound used to determine the fair market value is the value provided by the pass-through agency, or if a value is not provided, an estimate of \$1.97 per pound based on USDA authoritative guidance based on USDA Memo (FD-104) provided to America's Second Harvest, which determines the donated inventory food value per pound for the year. At December 31, 2024, the Organization had federally-funded food commodities totaling \$7,334,202 in ending inventory.

Second Harvest of South Georgia, Inc.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED DECEMBER 31, 2024

Section I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditors’ report issued on whether the financial statements audited were prepared in accordance with GAAP:

Internal control over financial reporting:

Material weaknesses identified?

Significant deficiencies identified not considered to be material weaknesses?

Noncompliance material to the financial statements noted?

Unmodified

Yes

No

X

X

X

Federal Awards

Internal controls over major programs:

Material weaknesses identified?

Significant deficiencies identified not considered to be material weaknesses?

Type of auditor’s report issued on compliance for major programs

Audit findings required to be reported in accordance with 2 CFR 200.516(a)

Unmodified

X

X

X

Identification of Major Programs

10.565, Food Distribution Cluster
10.568,
10.569

93.558 Temporary Assistance for Needy Families (TANF)

Dollar threshold used to distinguish between type A and type B programs

\$ 750,000

Yes

No

X

Auditee qualified as low-risk auditee?

Second Harvest of South Georgia, Inc.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED DECEMBER 31, 2024

Section II - FINANCIAL STATEMENT FINDINGS

None reported.

Section III - FEDERAL AWARD FINDINGS

None reported.

Second Harvest of South Georgia, Inc.

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS YEAR ENDED DECEMBER 31, 2024

Section II - FINANCIAL STATEMENT FINDINGS

None reported.

Section III - FEDERAL AWARD FINDINGS

None reported.