

BOUNTY & SOUL

INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020



CERTIFIED PUBLIC ACCOUNTANTS

Bounty & Soul
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CORLISS &
SOLOMON
PLLC

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Bounty & Soul
Black Mountain, North Carolina

We have audited the accompanying financial statements of Bounty & Soul (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related financial statement disclosures.

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. 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bounty & Soul as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Bounty & Soul's 2019 financial statements, and our report dated September 22, 2020, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Carliss & Salaman, PLLC

Asheville, North Carolina
September 22, 2021

Bounty & Soul
Statement of Financial Position

As of December 31, 2020

(With summarized comparative totals as of December 31, 2019)

	2020	2019
<u>Assets</u>		
<u>Current Assets</u>		
Cash and Cash Equivalents	\$ 489,357	\$ 115,107
Grants Receivable	9,000	2,500
Contributions Receivables	3,131	6,128
Other Receivable	1,145	153
Prepaid Expenses	4,618	-
Total Current Assets	507,251	123,888
<u>Long-Term Assets</u>		
Prepaid - Long-Term	4,228	-
Property and Equipment, Net	71,425	18,260
Total Long-Term Assets	75,653	18,260
Total Assets	\$ 582,904	\$ 142,148
<u>Liabilities and Net Assets</u>		
<u>Current Liabilities</u>		
Accounts Payable	\$ 9,696	\$ 695
Payroll and Tax Accrual	6,680	6,249
Total Current Liabilities	16,376	6,944
<u>Net Assets</u>		
Without Donor Restrictions	473,951	80,371
With Donor Restrictions	92,577	54,833
Total Net Assets	566,528	135,204
Total Liabilities and Net Assets	\$ 582,904	\$ 142,148

The accompanying disclosures are an integral part of these financial statements.

Bounty & Soul
Statement of Activities

Year Ended December 31, 2020

(With summarized comparative totals for the prior year)

	Without Donor Restrictions	With Donor Restrictions	Total 2020	Total 2019
Support				
Contributions	\$ 601,788	\$ 53,456	\$ 655,244	\$ 365,655
Grants	4,500	213,500	218,000	65,500
In-Kind Contributions	1,975,984	-	1,975,984	1,434,775
Other Income	4,231	-	4,231	6,311
Net Assets Released From Restrictions	229,212	(229,212)	-	-
Total Support	2,815,715	37,744	2,853,459	1,872,241
Expenses				
Program Services	2,313,348	-	2,313,348	1,726,547
Management and General	55,825	-	55,825	58,823
Fundraising	52,962	-	52,962	38,389
Total Expenses	2,422,135	-	2,422,135	1,823,759
Change in Net Assets	393,580	37,744	431,324	48,482
Net Assets at Beginning of Year	80,371	54,833	135,204	86,722
Net Assets, End of Year	\$ 473,951	\$ 92,577	\$ 566,528	\$ 135,204

The accompanying disclosures are an integral part of these financial statements.

Bounty & Soul
Statement of Functional Expenses
Year Ended December 31, 2020

(With summarized comparative totals for the prior year)

	Program	Management and General	Fundraising	Total 2020	Total 2019
Payroll and Related Expenses:					
Salaries	\$ 172,929	\$ 31,093	\$ 10,720	\$ 214,742	\$ 207,383
Payroll Taxes	18,528	2,070	831	21,429	23,497
Employee Benefits	1,803	339	-	2,142	4,061
Total Payroll and Related	<u>193,260</u>	<u>33,502</u>	<u>11,551</u>	<u>238,313</u>	<u>234,941</u>
Advertising	5,040	1,680	-	6,720	3,327
Bank and Merchant Fees	-	206	6,697	6,903	3,524
Contract Services					
Accounting	-	8,375	-	8,375	4,000
Legal	-	-	-	-	638
Professional Fundraising	-	-	22,779	22,779	11,176
Other	41,625	1,737	-	43,362	41,419
Depreciation	11,744	1,036	1,036	13,816	8,292
Food and Supplies	38,997	-	-	38,997	9,254
Fundraising Expenses	-	-	-	-	10,902
Information Technology	1,027	1,027	4,593	6,647	5,028
Insurance	4,364	2,853	-	7,217	5,847
Office Expenses	2,741	309	203	3,253	1,419
Occupancy	18,169	1,504	870	20,543	18,256
Other Expenses	571	3,351	5,233	9,155	6,978
Repairs and Maintenance	13,669	205	-	13,874	5,725
Travel	-	40	-	40	163
Truck Operations	6,157	-	-	6,157	18,095
Subtotal Before In-Kind	<u>337,364</u>	<u>55,825</u>	<u>52,962</u>	<u>446,151</u>	<u>388,984</u>
In-Kind Donations Utilized:					
Food Distributed	<u>1,975,984</u>	<u>-</u>	<u>-</u>	<u>1,975,984</u>	<u>1,434,775</u>
Total Expenses	<u>\$ 2,313,348</u>	<u>\$ 55,825</u>	<u>\$ 52,962</u>	<u>\$ 2,422,135</u>	<u>\$ 1,823,759</u>

The accompanying disclosures are an integral part of these financial statements.

Bounty & Soul
Statement of Cash Flows
Year Ended December 31, 2020

(With summarized comparative totals for the prior year)

	2020	2019
<u>Cash Flows from Operating Activities</u>		
Change in Net Assets	\$ 431,324	\$ 48,482
Adjustments to reconcile change in net assets to net cash provided/(used) by operating activities:		
Depreciation	13,816	8,292
(Increase)/Decrease in Operating Activities		
Grants Receivable	(6,500)	2,500
Contributions Receivables	2,997	3,952
Other Receivable	(992)	(153)
Prepaid Expenses	(8,846)	2,456
Increase/(Decrease) in Operating Liabilities		
Accounts Payable	9,001	695
Payroll and Tax Accrual	431	2,499
Net Cash Provided by Operating Activities	441,231	68,723
<u>Cash Flows from Investing Activities</u>		
Purchase of Equipment	(66,981)	(9,969)
Net Cash Used by Investing Activities	(66,981)	(9,969)
Net Change in Cash and Cash Equivalents	374,250	58,754
Cash and Cash Equivalents, Beginning of Year	115,107	56,353
Cash and Cash Equivalents, End of Year	\$ 489,357	\$ 115,107

The accompanying disclosures are an integral part of these financial statements.

Bounty & Soul
Financial Statement Disclosures
For the Year Ended December 31, 2020

1. Description of the Organization, Corporate and Tax-Exempt Status

Bounty & Soul is a community-based non-profit, that strives to improve and build healthier communities in low-income areas. Bounty & Soul distributes fresh, repurposed, and locally grown produce and other healthy foods and provides interactive health and wellness education and individualized nutrition counseling in a nurturing environment where people feel connected, inspired, and valued. In 2020, Bounty & Soul distributed 1,169,221 pounds of fresh produce and other nourishing foods; serving 2,750 individuals, representing 910 households per week, from Buncombe County and surrounding areas.

Bounty & Soul was established in 2014 as a nonprofit corporation under the laws of the State of North Carolina. It qualifies for exemption from federal income taxes under Section 501(c)(3) of the Internal Revenue code.

2. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements have been prepared on an accrual basis in accordance with U.S. generally accepted accounting principles (U.S. GAAP), which require an organization to report information regarding its financial position and activities according to the following net asset classifications:

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. 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.

Cash and Cash Equivalents

For purposes of reporting on the statement of cash flows, the organization considers all highly liquid investments purchased with an initial maturity of three months or less to be cash equivalents.

Concentration of Credit Risk

Financial assets that potentially subject the organization to concentrations of credit risk consist principally of cash and cash equivalents and investments. The organization maintains its cash and cash equivalents in various bank accounts that, at times, may exceed federally insured limits. The organization's cash and cash equivalent accounts have been placed with high credit quality financial institutions. The organization has not experienced, nor does it anticipate, any losses with respect to such accounts.

Fair Value Measurements

In accordance with U.S. GAAP, Bounty & Soul follows “Fair Value Measurements.” This standard establishes a single definition of fair value and a framework for measuring fair value in financial statements under U.S. GAAP. Fair value is defined as “the price that would be received to sell an asset in an orderly transaction between market participants at an agreed upon measurement date. That is, fair value is based on an exit price, which may differ from the price paid to acquire the asset. If there is a principal market for the asset, fair value represents the price in that market.”

Property and Equipment

Property and equipment purchases are recorded at cost. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. The capitalization threshold is \$5,000 per item.

Revenue Recognition

Revenue is recognized when earned by delivering services. Program services fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively.

Contributions

Contributions received are recorded as without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions. As restrictions expire, net assets are reclassified to net assets without donor restrictions and are reported on the statement of activities as “Net Assets Released from Restrictions.” Contributions are recognized when cash, securities or other assets, and unconditional promises to give, or notification or beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. Under FASB ASC 958-605, the timing of recognition for a contribution received depends on whether the contribution is conditional or not. If the contribution is conditional, it is not recognized until the conditions are substantially met or explicitly waived.

In-Kind Contributions

The organization recognizes contributed goods and the use of facilities at estimated fair value on the date of receipt. Contributed services are recognized in the financial statements if they require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. When recognized, contributed services are reported at fair value.

Use of Estimates

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

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Certain categories of expenses that are attributable to more than one program or supporting function, require managements allocation on a reasonable basis that is consistently applied. The primary allocation basis used by management for personnel expenses and applicable overhead expenses is estimated based on employee time and effort.

Income Taxes/Uncertain Tax Positions

Bounty & Soul is exempt from federal income taxes under 501(c)(3) of the Internal Revenue Code. Under the Code, however, income from certain activities not related to an organization's tax-exempt purpose may be subject to taxation as unrelated business income. Bounty & Soul had no income from unrelated business activities during the 2020 fiscal year and was, therefore, not required to file Federal Form 990-T (Exempt Organization Business Income Tax Return). Bounty & Soul believes that it has appropriate support for all tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

Summarized Comparative Data

The financial statements include certain prior year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the organization's audited financial statements for the year ended December 31, 2019, from which the summarized information was derived. Certain amounts in the prior year financial statements have been reclassified to conform to the current year presentation.

3. Liquidity and Availability

The organization's liquidity management plan is to invest cash in excess of daily requirements in a money market account. Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, are comprised of the following:

As of December 31:

Financial Assets at Year End:

	2020	2019
Cash and Cash Equivalents	\$ 489,357	\$ 115,107
Grants Receivable	9,000	2,500
Contributions Receivable	3,131	6,128
Other Receivable	1,145	153
Total Financial Assets	502,633	123,888
Less amounts not available to be used in one year:		
Net Assets With Donor Restrictions	92,577	54,833
Less Restricted Net Assets To Be Released in Subsequent Year	(92,577)	(52,333)
Total not available to be used in one year	-	2,500
Financial assets available to meet general expenditures over the next twelve months	\$ 502,633	\$ 121,388

4. Cash and Cash Equivalents

Cash and cash equivalents balances consisted of one checking account held at a local bank. The account is listed separately as follows:

As of December 31:

	2020	2019
Operating Account	\$ 396,780	\$ 60,274
Funds Restricted by Grantor/Donor	92,577	54,833
Total Cash and Cash Equivalents	\$ 489,357	\$ 115,107

As of December 31, 2020, the organization had exceeded the FDIC limit in cash accounts by \$231,078. Management believes the organization is not exposed to any significant credit risk on its cash balances.

5. Grants and Contributions Receivable

Grants, contributions, and other receivables totaled \$13,276 and \$8,781 as of December 31, 2020 and 2019, respectively. The current year balances are considered fully collectible, with no allowance for doubtful accounts considered necessary.

6. Property and Equipment

Property and equipment consists of the following:

<u>As of December 31:</u>	<u>2020</u>	<u>2019</u>
Equipment and Furniture	\$ 118,409	\$ 51,428
Less: Accumulated Depreciation	(46,984)	(33,168)
Property and Equipment, Net	<u>\$ 71,425</u>	<u>\$ 18,260</u>

Depreciation expense was \$13,816 and \$8,292 for the years ended December 31, 2020 and 2019, respectively.

7. Net Assets With Donor Restrictions

Net assets with donor restrictions were available for the following purposes:

<u>As of December 31:</u>	<u>2020</u>	<u>2019</u>
Food, Health and Wellness Education and Resources, and Community Outreach	\$ 88,047	\$ 37,500
Other	4,530	7,302
Capital Expenditures	-	10,031
Total Net Assets with Donor Restrictions	<u>\$ 92,577</u>	<u>\$ 54,833</u>

8. In-Kind Contributions

The organization received 1,169,221 pounds of food from local farmers, growers, community gardens, MANNA Food Bank and partnering retail grocers Publix, Walmart, and Sam's Club. These donations have been valued at \$1.69 per pound based on prevailing rates used by food banks. The total amounts reported as both revenue and expense on the statement of activities were \$1,975,984 and \$1,434,775 for the years ended December 31, 2020 and 2019, respectively.

9. Operating Lease Obligations

Bounty & Soul leases office space on annual basis payable in monthly installments of \$775, increased to \$798 beginning October 2020. The lease term is from October 1, 2020 – September 30, 2021. Termination of the lease requires 90 days' notice. Annual rent expense was \$9,370 and \$9,210 for the years ended December 31, 2020 and 2019, respectively. Minimum lease payments required for 2021 is \$2,395.

10. Uncertainties

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus (the COVID-19 outbreak) and the risks to the international community as the virus spreads globally. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the organization's financial condition, liquidity, and future results of operations. Management is actively monitoring the effects of the global situation on the organization's financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19

outbreak and the global responses to curb its spread, the organization is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial conditions, or liquidity for the fiscal year 2021.

11. Subsequent Events

In May 2021 the organization signed a lease for expanded facilities in Black Mountain, NC. The terms of the lease call for a two-year term beginning June 1, 2021 with payments starting at \$2,737 and \$2,867 in the final year.

Subsequent events have been evaluated through September 22, 2021, which is the date the financial statements were available to be issued.