

**COMMUNITY INTERFAITH FOOD PANTRY**

**FINANCIAL STATEMENTS**

**December 31, 2019 and 2018**

# COMMUNITY INTERFAITH FOOD PANTRY

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CPAs and  
Management Consultants

852 Cambridge Blvd., Ste. 100  
O'Fallon, IL 62269  
ph 618.632.7574  
fax 618.632.7643  
www.kebcpa.com

## **Independent Auditors' Report**

To the Board of Directors  
Community Interfaith Food Pantry  
Belleville, Illinois

We have audited the accompanying financial statements of Community Interfaith Food Pantry (a non-profit organization), which comprise the statements of assets, liabilities and net assets (modified cash basis) as of December 31, 2019 and 2018, and the related statements of support, revenues and expenses and changes in net assets (modified cash basis) and functional expenses (modified cash basis) 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 the modified cash basis of accounting described in Note 2; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 of 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 auditors' 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 assets, liabilities and net assets of Community Interfaith Food Pantry as of December 31, 2019 and 2018, and its support, revenue and expenses and changes in net assets for the years then ended in accordance with the modified cash basis of accounting described in Note 2.

## **Basis of Accounting**

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

*Kubie, Eck & Braeckel LLP*

O'Fallon, Illinois  
February 17, 2020

# COMMUNITY INTERFAITH FOOD PANTRY

## STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS (MODIFIED CASH BASIS)

December 31,

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and cash equivalents	\$ 280,367	\$ 244,754
Inventory	35,485	53,479
Investments in certificates of deposit	187,542	183,631
Property and equipment		
Land	72,783	72,783
Buildings and building improvements	380,186	319,482
Vehicles	4,700	4,700
Furniture and fixtures	37,986	30,178
	<u>495,655</u>	<u>427,143</u>
Less accumulated depreciation	<u>(89,352)</u>	<u>(62,259)</u>
	<u>406,303</u>	<u>364,884</u>
Total assets	<u>\$ 909,697</u>	<u>\$ 846,748</u>
NET ASSETS		
Without donor restrictions	\$ 909,697	\$ 843,067
With donor restrictions	<u>-</u>	<u>3,681</u>
Total net assets	<u>\$ 909,697</u>	<u>\$ 846,748</u>

See notes to financial statements.

**COMMUNITY INTERFAITH FOOD PANTRY**

**STATEMENTS OF SUPPORT, REVENUES AND EXPENSES AND CHANGES IN NET ASSETS  
(MODIFIED CASH BASIS)**

**Year ended December 31, 2019**

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenues			
Contributions	\$ 203,344	\$ 17,856	\$ 221,200
Grants	-	114,459	114,459
In-kind contributions			
Food donations	732,082	-	732,082
Other	1,208	-	1,208
Interest income	4,652	-	4,652
	<u>941,286</u>	<u>132,315</u>	<u>1,073,601</u>
Net assets released from restrictions			
Satisfaction of program restrictions	<u>135,996</u>	<u>(135,996)</u>	<u>-</u>
Total support and revenues	1,077,282	(3,681)	1,073,601
Expenses			
Program services			
Food distribution	1,001,247	-	1,001,247
Supporting services			
Management and general	<u>9,405</u>	<u>-</u>	<u>9,405</u>
Total expenses	<u>1,010,652</u>	<u>-</u>	<u>1,010,652</u>
INCREASE (DECREASE) IN NET ASSETS	66,630	(3,681)	62,949
Net assets as of January 1, 2019	<u>843,067</u>	<u>3,681</u>	<u>846,748</u>
Net assets as of December 31, 2019	<u>\$ 909,697</u>	<u>\$ -</u>	<u>\$ 909,697</u>

See notes to financial statements.

**COMMUNITY INTERFAITH FOOD PANTRY**

**STATEMENTS OF SUPPORT, REVENUES AND EXPENSES AND CHANGES IN NET ASSETS  
(MODIFIED CASH BASIS)**

**Year ended December 31, 2018**

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenues			
Contributions	\$ 206,512	\$ 22,224	\$ 228,736
Grants	-	193,697	193,697
In-kind contributions			
Food donations	746,940	-	746,940
Special event - Food Stock Concert	4,314	-	4,314
Interest income	2,940	-	2,940
Real estate tax refund	1,215	-	1,215
	<u>961,921</u>	<u>215,921</u>	<u>1,177,842</u>
Net assets released from restrictions			
Satisfaction of program restrictions	<u>212,857</u>	<u>(212,857)</u>	<u>-</u>
Total support and revenues	1,174,778	3,064	1,177,842
Expenses			
Program services			
Food distribution	960,239	-	960,239
Supporting services			
Management and general	<u>9,334</u>	<u>-</u>	<u>9,334</u>
Total expenses	<u>969,573</u>	<u>-</u>	<u>969,573</u>
INCREASE IN NET ASSETS	205,205	3,064	208,269
Net assets as of January 1, 2018	<u>637,862</u>	<u>617</u>	<u>638,479</u>
Net assets as of December 31, 2018	<u>\$ 843,067</u>	<u>\$ 3,681</u>	<u>\$ 846,748</u>

See notes to financial statements.

# COMMUNITY INTERFAITH FOOD PANTRY

## STATEMENTS OF FUNCTIONAL EXPENSES (MODIFIED CASH BASIS)

Year ended December 31, 2019

	<u>Program services</u>	<u>Supporting services</u>	
	<u>Food distribution</u>	<u>Management and general</u>	<u>Total</u>
Business registration fees	\$ -	\$ 325	\$ 325
Cleaning supplies	-	307	307
Depreciation	27,093	-	27,093
Food purchases	181,300	-	181,300
Food donation	750,076	-	750,076
Insurance	4,034	-	4,034
Meals and entertainment	-	462	462
Miscellaneous	1,628	33	1,661
Office supplies and expenses	2,097	2,096	4,193
Postage	-	332	332
Professional fees	-	5,850	5,850
Repairs and maintenance	13,331	-	13,331
Security services	420	-	420
Shop tools and equipment	1,616	-	1,616
Utilities	16,682	-	16,682
Vehicle expense	2,970	-	2,970
Total expenses	<u>\$ 1,001,247</u>	<u>\$ 9,405</u>	<u>\$ 1,010,652</u>

See notes to financial statements.



# COMMUNITY INTERFAITH FOOD PANTRY

## STATEMENTS OF FUNCTIONAL EXPENSES (MODIFIED CASH BASIS)

Year ended December 31, 2018

	Program services	Support services	
	Food distribution	Management and general	Total
Advertising	\$ -	\$ 41	\$ 41
Business registration fees	-	580	580
Cleaning supplies	-	278	278
Depreciation	19,407	-	19,407
Food purchases	172,073	-	172,073
Food donation	733,873	-	733,873
Insurance	2,974	-	2,974
Meals and entertainment	-	145	145
Miscellaneous	2,562	54	2,616
Office supplies and expenses	1,786	1,785	3,571
Postage	-	439	439
Printing and supplies	-	318	318
Professional fees	-	5,694	5,694
Repairs and maintenance	5,696	-	5,696
Security services	607	-	607
Shop tools and equipment	4,702	-	4,702
Utilities	15,684	-	15,684
Vehicle expense	875	-	875
	<u>          </u>	<u>          </u>	<u>          </u>
Total expenses	<u>\$ 960,239</u>	<u>\$ 9,334</u>	<u>\$ 969,573</u>

See notes to financial statements.

# COMMUNITY INTERFAITH FOOD PANTRY

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1 - ORGANIZATION

Community Interfaith Food Pantry (the “Food Pantry”) is a non-profit charitable organization that was established in 2007. The Food Pantry’s mission is to eliminate hunger within the community and to make a commitment to consider the total spiritual, emotional, and physical needs of individuals and to identify available resources to assist them. The Food Pantry’s revenues are derived principally from food and cash donations from various individuals, organizations and local businesses.

The Food Pantry has established the following program services:

#### **Food Distribution**

This program provides food to families throughout the Belleville and Swansea, Illinois communities who are experiencing difficulty in meeting the demands of daily living.

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **Basis of Accounting**

The financial statements of the Food Pantry are prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Under that basis, certain revenues and the related assets are recognized when received rather than when earned and certain expenses are recognized when paid rather than when the obligation is incurred. That basis differs from generally accepted accounting principles primarily because the Food Pantry has not recognized pledges receivable from donors, accounts payable to vendors, and accrued expenses, and their related effects on changes in net assets in the accompanying financial statements.

#### **Cash, Cash Equivalents and Investments**

Cash and cash equivalents consist of petty cash, deposits in interest and non-interest bearing accounts, money market accounts and certificates of deposit with original maturities of three months or less. Investments in certificates of deposit are valued at cost, which approximates fair value.

#### **Property and Equipment**

Property and equipment are recorded at cost when purchased, or if donated, at their estimated fair value at date of donation. Depreciation is computed using the straight-line method over the estimated useful life of five to forty years. Expenditures for major renewals and betterments that extend the useful lives of property and equipment in excess of \$2,000 are capitalized. Expenditures for repairs and maintenance are charged to expense as incurred. Depreciation expense was \$27,093 and \$19,407 for the years ended December 31, 2019 and 2018, respectively.

# COMMUNITY INTERFAITH FOOD PANTRY

## NOTES TO FINANCIAL STATEMENTS

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### **Inventory**

The Food Pantry reports inventory at the lower of cost or net realizable value (generally, estimated selling price). The Food Pantry determined the estimated cost of \$1.57 per pound for 2019 and 2018 approximates net realizable value.

### **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-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.

### **Revenue and Revenue Recognition**

Contributions are recognized when cash, securities, or other assets are received. The Food Pantry's grant contract is conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. Accordingly, revenue under this grant is recognized upon receipt of reimbursed expenditures.

### **In-Kind Contributions**

In-kind food contributions received are valued at net realizable value, which is estimated at \$1.57 per pound for the years ended December 31, 2019 and 2018. This estimate represents the average cost of the primary items maintained at the Food Pantry. Such donations are recorded as inventory and contributions when received and expensed when distributed to families in the service area. Contributed office supplies are recorded at fair value at the date of the donation.

# COMMUNITY INTERFAITH FOOD PANTRY

## NOTES TO FINANCIAL STATEMENTS

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Donated property and equipment are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as net assets with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Food Pantry reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Food Pantry reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

### **Functional Expenses**

The cost of providing various programs and supporting services have been reported on a functional basis in the statements of support, revenue and expenses and changes in net assets. Accordingly, certain costs have been allocated among the food distribution program and supporting services based on estimates made by management.

### **Income Taxes**

The Food Pantry, a non-profit organization operating under Section 501(c)(3) of the Internal Revenue Code, is exempt from federal, state, and local income taxes and, accordingly, no provision for income taxes is included in the financial statements. In addition, the Food Pantry qualifies as a public charity under section 170(b)(1)(A)(vi) of the Internal Revenue Code.

The Food Pantry's information returns filed with the Internal Revenue Service are subject to examination, generally for three years after the filing date. The Food Pantry does not have any tax returns under examination.

### **Use of Estimates**

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that can affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

### **Subsequent Events**

In preparing these financial statements, the Food Pantry evaluated events and transactions for potential recognition or disclosure through February 17, 2020, the date the financial statements were available to be issued.

# COMMUNITY INTERFAITH FOOD PANTRY

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 3 - LIQUIDITY

As part of its liquidity management plan, the Food Pantry invests cash in excess of daily requirements in certificates of deposit and money market funds. Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following at December 31,:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 280,367	\$ 244,754
Investments in certificates of deposit	<u>187,542</u>	<u>183,631</u>
Total financial assets	467,909	428,385
Restricted by donor for specified purpose	<u>-</u>	<u>(3,681)</u>
	<u><u>\$ 467,909</u></u>	<u><u>\$ 424,704</u></u>

### NOTE 4 - NET ASSETS WITH DONOR RESTRICTIONS

The Food Pantry did not have any net assets with donor restrictions at December 31, 2019. Net assets with donor restrictions were restricted for the following purposes at December 31, 2018.

Utilities	\$ 2,367
Food distribution	<u>1,314</u>
	<u><u>\$ 3,681</u></u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes specified by the donors as follows for the years ended December 31,:

	<u>2019</u>	<u>2018</u>
Food distribution	\$ 116,312	\$ 197,173
Utilities	15,634	15,684
Freezer	<u>4,050</u>	<u>-</u>
	<u><u>\$ 135,996</u></u>	<u><u>\$ 212,857</u></u>

# COMMUNITY INTERFAITH FOOD PANTRY

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 5 - IN-KIND CONTRIBUTIONS

The Food Pantry received contributed goods and supplies as follows for the years ended December 31, 2019 and 2018:

	2019		
	<u>Program services</u>	<u>Management and general</u>	<u>Total</u>
Food donations	\$ 732,082	\$ -	\$ 732,082
Office supplies and expenses	<u>604</u>	<u>604</u>	<u>1,208</u>
Total contributed materials	<u>\$ 732,686</u>	<u>\$ 604</u>	<u>\$ 733,290</u>

  

	2018		
	<u>Program services</u>	<u>Management and general</u>	<u>Total</u>
Food donations	<u>\$ 746,940</u>	<u>\$ -</u>	<u>\$ 746,940</u>

Ending inventory consisting of purchased and contributed goods received was \$35,485 and \$53,479 at December 31, 2019 and 2018, respectively.

The Food Pantry receives donated services from a variety of unpaid volunteers assisting the Food Pantry in its food collection and distribution. The Food Pantry estimates it received approximately 13,400 and 15,000 volunteer hours for the years ended December 31, 2019 and 2018, respectively. No amounts have been recognized in the accompanying financial statements because the criteria for recognition of such volunteer efforts do not meet the criteria for recognition under generally accepted accounting principles.

### NOTE 6 - CONTINGENCIES

Grants require the fulfillment of certain conditions as set forth in the agreement. Failure to fulfill the conditions could result in the return of funds to the grantors. Although that is a possibility, the Food Pantry deems the contingency remote, since by accepting the grants and their terms, it has accommodated the objectives of the Food Pantry to the provision of the grants.

# COMMUNITY INTERFAITH FOOD PANTRY

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 7 - FUNCTIONAL EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses allocated include office supplies and expenses, which are allocated on the basis of estimated time or effort. All fundraising activities are provided by volunteers as the Food Pantry has no employees. Any fundraising expenses incurred during the year ended December 31, 2019 and 2018 were minimal and are included with management and general expenses.