

**COMMUNITY INTERFAITH FOOD PANTRY**

**FINANCIAL STATEMENTS**

**December 31, 2017**

# **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](http://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 statement of assets, liabilities and net assets (modified cash basis) as of December 31, 2017, 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 year 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 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 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 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.

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#### **Other Locations**

Carbondale, IL • Columbia, IL • Harrisburg, IL • Litchfield, IL • Springfield, IL • Cape Girardeau, MO • St. Louis, MO • Milwaukee, WI

## **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, 2017, and its support, revenue and expenses and changes in net assets for the year 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.

*Kerber, Eck & Braeckel LLP*

O'Fallon, Illinois  
February 9, 2018

# COMMUNITY INTERFAITH FOOD PANTRY

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

**December 31, 2017**

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### ASSETS

Cash and cash equivalents	\$ 209,565
Inventory	40,412
Investments in certificates of deposit	141,339
Property and equipment	
Land	28,000
Buildings and building improvements	233,037
Vehicles	1,500
Furniture and fixtures	27,478
	<u>290,015</u>
Less accumulated depreciation	(42,852)
	<u>247,163</u>
Total assets	<u><u>\$ 638,479</u></u>

### NET ASSETS

Unrestricted	\$ 637,862
Temporarily restricted	<u>617</u>
Total net assets	<u><u>\$ 638,479</u></u>

See notes to financial statements.

# COMMUNITY INTERFAITH FOOD PANTRY

## STATEMENT OF SUPPORT, REVENUE AND EXPENSES AND CHANGES IN NET ASSETS (MODIFIED CASH BASIS)

Year ended December 31, 2017

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### CHANGE IN UNRESTRICTED NET ASSETS

#### Support and revenues

##### Contributions

Cash donations

\$ 112,891

Food donations

714,088

Interest income

1,699

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828,678

Net assets released from restrictions

96,656

Total unrestricted revenues

925,334

#### Expenses

##### Program services

Food distribution

862,179

##### Supporting services

Management and general

8,237

Total expenses

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870,416

Change in unrestricted net assets

54,918

### CHANGE IN TEMPORARILY RESTRICTED NET ASSETS

#### Revenues

##### Contributions

Cash donations

13,656

Grants

83,617

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97,273

Net assets released from restrictions

(96,656)

Change in temporarily restricted net assets

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617

### CHANGE IN NET ASSETS

55,535

Net assets - beginning of year

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582,944

Net assets - end of year

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\$ 638,479

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See notes to financial statements.

# COMMUNITY INTERFAITH FOOD PANTRY

## STATEMENT OF FUNCTIONAL EXPENSES (MODIFIED CASH BASIS)

Year ended December 31, 2017

	Program Services	Supporting Services	
	Food Distribution	Management and General	Total
Advertising	\$ -	\$ 200	\$ 200
Business registration fees	-	25	25
Cleaning supplies	-	69	69
Depreciation	15,599	-	15,599
Food purchases	115,554	-	115,554
Food donation	706,662	-	706,662
Insurance	1,893	-	1,893
Meals and entertainment	-	596	596
Miscellaneous	-	15	15
Office supplies and expenses	1,570	1,570	3,140
Postage	-	396	396
Printing and supplies	-	16	16
Professional fees	-	5,350	5,350
Repairs and maintenance	5,858	-	5,858
Security services	967	-	967
Shop tools and equipment	1,286	-	1,286
Utilities	11,959	-	11,959
Vehicle expense	831	-	831
Total expenses	<u>\$ 862,179</u>	<u>\$ 8,237</u>	<u>\$ 870,416</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.

#### Basis of Presentation

Financial statement presentation follows the recommendation of the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) No. 958, *Not-for-Profit Entities*. Under ASC No. 958, the Food Pantry is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted. A description of the three net asset categories follows:

Unrestricted - Net assets that are not subject to donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors.



# COMMUNITY INTERFAITH FOOD PANTRY

## NOTES TO FINANCIAL STATEMENTS

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Temporarily Restricted - Net assets whose use by the Food Pantry is subject to donor-imposed restrictions that can be fulfilled by actions of the Food Pantry pursuant to those restrictions or that expire by the passage of time.

Permanently Restricted - Net assets subject to donor-imposed restrictions that they be held in perpetuity by the Food Pantry. Income from these assets generally is available for either general operations or specific purposes in accordance with donor stipulations. No permanently restricted assets were held at December 31, 2017 and accordingly, these financials do not reflect any activity related to this class of net assets.

### 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.

### 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 are capitalized. Expenditures for repairs and maintenance are charged to expense as incurred. Depreciation expense was \$15,599 for the year ended December 31, 2017.

### Contributions

Contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence and/or nature of any donor restrictions. When a restriction expires, that is, when a stipulated time restriction ends, or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of support, revenue and expenses and changes in net assets as net assets released from restrictions.

Food contributions received are valued at net realizable value in 2017 estimated at \$1.52 per pound. 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.

# 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 unrestricted net assets 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 restricted contributions. 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 temporarily restricted net assets to unrestricted assets at that time.

### In-Kind Materials

Donated materials are recorded as contributions and as costs of direct benefits to donors or as expenses of the appropriate program or supporting service at their determinable fair value at the date of donation.

### Inventory

Prior to 2017, inventory which consists primarily of purchased and donated grocery items was reported at fair market value, based on the average cost of the primary items maintained by the Food Pantry. In accordance with a recent FASB standard effective in 2017, the Food Pantry was required to prospectively report inventory at the lower of cost or net realizable value (generally, estimated selling price). The Food Pantry determined the estimated cost of \$1.52 per pound for 2017 approximates net realizable value. Therefore, the adoption of the new FASB standard had no effect on the change in net assets for 2017.

### Functional Expenses

The cost of providing various programs and supporting services have been reported on a functional basis in the statement 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 Organization does not have any tax returns under examination.

# COMMUNITY INTERFAITH FOOD PANTRY

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 3 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purpose at December 31, 2017:

Utilities	<u>\$ 617</u>
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Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of events specified by the donors as follows for the year ended December 31, 2017:

Food Distribution	\$ 84,697
Utilities	<u>11,959</u>
	<u>\$ 96,656</u>

### NOTE 4 - DONATED SERVICES

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 16,000 volunteer hours for the year ended December 31, 2017. 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 5 - 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.

### NOTE 6 - SUBSEQUENT EVENTS

In preparing these financial statements, the Food Pantry evaluated events and transactions for potential recognition or disclosure through February 9, 2018, the date the financial statements were available to be issued.