

**COMMUNITY INTERFAITH FOOD PANTRY**

**FINANCIAL STATEMENTS**

**December 31, 2018 and 2017**

# **COMMUNITY INTERFAITH FOOD PANTRY**

## **TABLE OF CONTENTS**

---

	<b>Page</b>
<b>INDEPENDENT AUDITORS' REPORT</b>	<b>3</b>
<b>FINANCIAL STATEMENTS</b>	
Statements of Assets, Liabilities and Net Assets (Modified Cash Basis)	5
Statements of Support, Revenue and Expenses and Changes in Net Assets (Modified Cash Basis)	6
Statements of Functional Expenses (Modified Cash Basis)	8
Notes to Financial Statements	10



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 statements of assets, liabilities and net assets (modified cash basis) as of December 31, 2018 and 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 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 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.

---

#### **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, 2018 and 2017, 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.

*Kerber, Eck & Brauckel LLP*

O'Fallon, Illinois  
January 24, 2019

# COMMUNITY INTERFAITH FOOD PANTRY

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

December 31,

	2018	2017
ASSETS		
Cash and cash equivalents	\$ 244,754	\$ 209,565
Inventory	53,479	40,412
Investments in certificates of deposit	183,631	141,339
Property and equipment		
Land	72,783	28,000
Buildings and building improvements	319,482	233,037
Vehicles	4,700	1,500
Furniture and fixtures	30,178	27,478
	427,143	290,015
Less accumulated depreciation	(62,259)	(42,852)
	364,884	247,163
Total assets	<u>\$ 846,748</u>	<u>\$ 638,479</u>
NET ASSETS		
Without donor restrictions	\$ 843,067	\$ 637,862
With donor restrictions	3,681	617
Total net assets	<u>\$ 846,748</u>	<u>\$ 638,479</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			
Cash donations	\$ 206,512	\$ 22,224	\$ 228,736
Food donations	746,940	-	746,940
Grants	-	193,697	193,697
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 SUPPORT, REVENUES AND EXPENSES AND CHANGES IN NET ASSETS (MODIFIED CASH BASIS)

Year ended December 31, 2017

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenues			
Contributions			
Cash donations	\$ 112,891	\$ 13,656	\$ 126,547
Food donations	714,088		714,088
Grants	-	83,617	83,617
Interest income	1,699	-	1,699
	<u>828,678</u>	<u>97,273</u>	<u>925,951</u>
Net assets released from restrictions			
Satisfaction of program restrictions	<u>96,656</u>	<u>(96,656)</u>	<u>-</u>
Total support and revenues	925,334	617	925,951
Expenses			
Program services			
Food distribution	862,179	-	862,179
Supporting services			
Management and general	<u>8,237</u>	<u>-</u>	<u>8,237</u>
Total expenses	<u>870,416</u>	<u>-</u>	<u>870,416</u>
INCREASE IN NET ASSETS	54,918	617	55,535
Net assets as of January 1, 2017	<u>582,944</u>	<u>-</u>	<u>582,944</u>
Net assets as of December 31, 2017	<u>\$ 637,862</u>	<u>\$ 617</u>	<u>\$ 638,479</u>

See notes to financial statements.

# COMMUNITY INTERFAITH FOOD PANTRY

## STATEMENTS OF FUNCTIONAL EXPENSES (MODIFIED CASH BASIS)

Year ended December 31, 2018

	Program Services	Supporting 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
Total expenses	\$ 960,239	\$ 9,334	\$ 969,573

See notes to financial statements.

# COMMUNITY INTERFAITH FOOD PANTRY

## STATEMENTS OF FUNCTIONAL EXPENSES (MODIFIED CASH BASIS)

Year ended December 31, 2017

	Program Services	Support 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	\$ 862,179	\$ 8,237	\$ 870,416

See notes to financial statements.

# COMMUNITY INTERFAITH FOOD PANTRY

## NOTES TO FINANCIAL STATEMENTS

---

### 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.

#### 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.

# COMMUNITY INTERFAITH FOOD PANTRY

## NOTES TO FINANCIAL STATEMENTS

---

### 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 in excess of \$500 are capitalized. Expenditures for repairs and maintenance are charged to expense as incurred. Depreciation expense was \$19,407 and \$15,599 for the years ended December 31, 2018 and 2017, respectively.

### Contributions

Contributions received are recorded as increases in net assets without restrictions or net assets with donor restrictions 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, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of support, revenue and expenses and changes in net assets as net assets released from restrictions.

In-kind food contributions received are valued at net realizable value, which is estimated at \$1.57 and \$1.52 per pound for the years ended December 31, 2018 and 2017, respectively. 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.

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.

# COMMUNITY INTERFAITH FOOD PANTRY

## NOTES TO FINANCIAL STATEMENTS

---

### 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 and \$1.52 per pound for 2018 and 2017, respectively, approximates net realizable value.

### 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 Organization does not have any tax returns under examination.

### Subsequent Events

In preparing these financial statements, the Food Pantry evaluated events and transactions for potential recognition or disclosure through January 24, 2019, the date the financial statements were available to be issued.

### Recent Accounting Pronouncement

On August 18, 2016, Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. We have implemented ASU 2016-14 and have adjusted the presentation in these financial statements accordingly. The ASU has been applied retrospectively to all periods presented. There was no material impact on the Food Pantry's reported total assets or net assets or changes in net assets upon adoption of this new standard.

# COMMUNITY INTERFAITH FOOD PANTRY

## NOTES TO FINANCIAL STATEMENTS

---

### 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>2018</u>	<u>2017</u>
Cash and cash equivalents	\$ 244,754	\$ 209,565
Investments in certificates of deposit	<u>183,631</u>	<u>141,339</u>
	<u>\$ 428,385</u>	<u>\$ 350,904</u>

### NOTE 4 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes at December 31,:

	<u>2018</u>	<u>2017</u>
Utilities	\$ 2,367	\$ 617
Christmas hams and turkeys	<u>1,314</u>	<u>-</u>
	<u>\$ 3,681</u>	<u>\$ 617</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>2018</u>	<u>2017</u>
Food distribution	\$ 197,173	\$ 84,697
Utilities	<u>15,684</u>	<u>11,959</u>
	<u>\$ 212,857</u>	<u>\$ 96,656</u>

# **COMMUNITY INTERFAITH FOOD PANTRY**

## **NOTES TO FINANCIAL STATEMENTS**

---

### **NOTE 5 - 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 15,000 and 16,000 volunteer hours for the years ended December 31, 2018 and 2017, 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.

### **NOTE 7 - FUNCTIONALIZED 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, 2018 and 2017 were minimal and are included with management and general expenses.