

Community Interfaith Food Pantry

Independent Auditors' Report and
Financial Statements

For the Years Ended
December 31, 2016 and 2015

**Community Interfaith Food Pantry
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For the Years Ended December 31, 2016 and 2015**

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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, 2016 and 2015, and the related statements of support, revenue, expenses, and changes in net assets – 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 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.

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, 2016 and 2015, and its support, revenue and expenses for the year then ended in accordance with 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.

Diel & Ferguson, LLC

February 16, 2017

Community Interfaith Food Pantry
Statement of Financial Position-Modified Cash Basis
December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Assets		
Current Assets		
Cash	\$ 306,003	\$ 208,815
Inventory	<u>32,886</u>	<u>37,220</u>
	<u>338,889</u>	<u>246,035</u>
Property and Equipment		
Land	28,000	28,000
Buildings and building improvements	223,531	223,531
Vehicles	1,500	-
Furniture and fixtures	<u>18,277</u>	<u>7,917</u>
	271,308	259,448
Less: accumulated depreciation	<u>(27,253)</u>	<u>(14,673)</u>
	244,055	244,775
Total assets	<u>\$ 582,944</u>	<u>\$ 490,810</u>
Liabilities and Net Assets		
Net Assets		
Unrestricted	582,944	490,810
Temporarily restricted	<u>-</u>	<u>-</u>
Total net assets	<u>582,944</u>	<u>490,810</u>
Total liabilities and net assets	<u>\$ 582,944</u>	<u>\$ 490,810</u>

See accompanying notes to financial statements.

Community Interfaith Food Pantry
Statement of Activities-Modified Cash Basis
For the Year Ended December 31, 2016 and 2015

	2016	2015
Change in Unrestricted Net Assets		
Revenues		
Contributions		
Cash donations	\$ 144,496	\$ 119,055
Food donations	444,492	370,697
Vehicle donation	1,500	-
Equipment donation	10,361	-
Real estate tax refund	3,876	-
Interest income	413	75
	605,138	489,827
Net assets released from restrictions	64,026	51,877
	669,164	541,704
Expenses		
Program services		
Food distribution	569,100	441,144
	569,100	441,144
Supporting services		
Management and general	7,931	4,219
	577,030	445,363
Change in unrestricted net assets	92,134	96,341
Change in Temporarily Restricted Net Assets		
Revenues		
Contributions		
Cash donations	6,000	6,450
Grants	58,026	45,427
	64,026	51,877
Net assets released from donor restrictions	(64,026)	(51,877)
	-	-
Total temporarily restricted revenues	-	-
Change in Net Assets	92,134	96,341
Net Assets - Beginning of Year	490,810	394,469
Net Assets - End of Year	\$ 582,944	\$ 490,810

See accompanying notes to financial statements.

**Community Interfaith Food Pantry
Statement of Functional Expenses
For the Year Ended December 31, 2016**

	<u>Program Services</u>		<u>Support Services</u>		<u>Total</u>
	<u>Food Distribution</u>	<u>Total</u>	<u>Management and General</u>	<u>Total</u>	
Advertising	-	-	26	26	26
Business registration fees	-	-	30	30	30
Cleaning supplies	-	-	254	254	254
Depreciation	12,580	12,580	-	-	12,580
Food purchases	84,702	84,702	-	-	84,702
Food donation	448,827	448,827	-	-	448,827
Insurance	1,938	1,938	-	-	1,938
Meals and entertainment	-	-	326	326	326
Miscellaneous	-	-	93	93	93
Office supplies and expenses	1,852	1,852	1,852	1,852	3,704
Postage	-	-	572	572	572
Printing and supplies	-	-	-	-	-
Professional fees	473	473	4,778	4,778	5,250
Real estate taxes	-	-	-	-	-
Repairs and maintenance	5,333	5,333	-	-	5,333
Shop tools and equipment	1,699	1,699	-	-	1,699
Utilities	10,391	10,391	-	-	10,391
Vehicle expense	1,305	1,305	-	-	1,305
Total expenses	\$ 569,100	\$ 569,100	\$ 7,931	\$ 7,931	\$ 577,030

See accompanying notes to financial statements.

**Community Interfaith Food Pantry
Statement of Functional Expenses
For the Year Ended December 31, 2015**

	<u>Program Services</u>		<u>Support Services</u>		
	<u>Food Distribution</u>	<u>Total</u>	<u>Management and General</u>	<u>Total</u>	<u>Total</u>
Business registration fees	-	-	153	153	153
Depreciation	11,262	11,262	-	-	11,262
Food purchases	72,799	72,799	-	-	72,799
Food donation	333,477	333,477	-	-	333,477
Insurance	1,771	1,771	-	-	1,771
Meals and entertainment	-	-	1,060	1,060	1,060
Miscellaneous	-	-	100	100	100
Office supplies and expenses	1,420	1,420	1,421	1,421	2,841
Postage	-	-	160	160	160
Printing and supplies	-	-	425	425	425
Professional fees	-	-	900	900	900
Real estate taxes	5,508	5,508	-	-	5,508
Repairs and maintenance	5,324	5,324	-	-	5,324
Staff training	110	110	-	-	110
Utilities	9,473	9,473	-	-	9,473
Total expenses	\$ 441,144	\$ 441,144	\$ 4,219	\$ 4,219	\$ 445,363

See accompanying notes to financial statements.

Community Interfaith Food Pantry
Notes to Financial Statements
For the Years Ended December 31, 2016 and 2015

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

(a) **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 receivables from donors, accounts payable to vendors, accrued expenses, and donated materials, services and facilities, and their related effects on earnings in the accompanying financial statements.

(b) **Basis of Presentation**

Financial statement presentation follows the recommendation of the Financial Accounting Standards Board 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.

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, 2016 and 2015 and accordingly, these financials do not reflect any activity related to this class of net assets.

Community Interfaith Food Pantry
Notes to Financial Statements
For the Years Ended December 31, 2016 and 2015

Note 2 - Summary of Significant Accounting Policies (continued)

(c) Use of Estimates

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

(d) Cash and Cash Equivalents

For the statement of financial position and statement of cash flows, cash and cash equivalents consist of petty cash, deposits in interest and non-interest bearing accounts and money market accounts with two local financial institutions.

(e) Property and Equipment

Property and equipment are recorded at cost when purchased, or if donated, at their estimated fair market 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 \$12,580 and \$11,262 for the years ended December 31, 2016 and 2015, respectively.

(f) 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 activities as net assets released from restrictions.

Food contributions received are valued at fair market value, which is estimated at \$1.49 per pound, the average cost of the primary items maintained at the Food Pantry. Such donations are recorded as increases in contributions received and cost of goods sold when received.

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.

(g) 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.

(h) Inventory

Inventory, which consists primarily of purchased and donated grocery items, is valued at fair market value, which is estimated at \$1.49 per pound, the average cost of the primary items maintained at the Food Pantry.

(i) Functional Expenses

The cost of providing various programs and supporting services have been reported on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the food distribution program and supporting services based on estimates made by management.

**Community Interfaith Food Pantry
Notes to Financial Statements
For the Years Ended December 31, 2016 and 2015**

Note 2 - Summary of Significant Accounting Policies (continued)

(j) **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 sections 170(b)(1)(A)(vi) of the Internal Revenue Code.

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

Note 3 – Temporarily Restricted Net Assets

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:

	<u>2016</u>	<u>2015</u>
Food Distribution	\$ 64,026	\$ 51,877
	<u>\$ 64,026</u>	<u>\$ 51,877</u>

Note 4 – Donated Services

The Food Pantry receives donated services from a variety of unpaid volunteers assisting the Organization in its food collection and distribution. The Organization estimates it received approximately 12,845 and 13,550 volunteer hours for the year ended December 31, 2016 and 2015, respectively. No amounts have been recognized in the accompanying statement of activities because the criteria for recognition of such volunteer effort as defined in FASB 116, Accounting for Contributions Received and Contributions Made, have not been satisfied.

The Food Pantry received donated accounting services in 2015 from an outside Certified Public Accountant assisting the Food Pantry in recording fixed assets and depreciation. The value of these services, included in contributions in the financial statements was \$900 for the year ended December 31, 2015. The Food Pantry did not receive any donated accounting services in 2016.

Note 5 - Commitments and 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

The Food Pantry evaluated subsequent events through February 16, 2017, the date which the financial statements were available to be issued, and concluded that no events or transactions occurred during that period which require recognition or disclosure.