

GLEN ELLYN FOOD PANTRY

FINANCIAL STATEMENTS

DECEMBER 31, 2018

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Board of Directors
Glen Ellyn Food Pantry
Glen Ellyn, Illinois

We have reviewed the accompanying financial statements of GLEN ELLYN FOOD PANTRY (an Illinois nonprofit organization), which comprise the statements of assets, liabilities and net assets as of December 31, 2018 and 2017, and the related statements of revenues, expenses and other changes in net assets, functional expenses, and cash flows for the years then ended, all on the modified cash basis of accounting, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of 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.

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the modified cash basis of accounting. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with the modified cash basis accounting.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with 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 conclusion is not modified with respect to this matter.

Ward & Davis LLP

September 11, 2019

STATEMENTS OF ASSETS, LIABILITIES, AND NET ASSETS

Modified Cash Basis

As of December 31

2018

2017

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents

\$ 153,069 \$ 123,620

Investments

9,675 —

Total Current Assets

162,744 123,620

PROPERTY AND EQUIPMENT, NET

66,795 88,325

INTANGIBLE ASSETS, NET

— 1,279

TOTAL ASSETS

\$ 229,539 \$ 213,224**LIABILITIES AND NET ASSETS**

LIABILITIES

\$ — \$ —

NET ASSETS

Without Donor Restrictions

200,349 213,224

With Donor Restrictions

29,190 —

Total Net Assets

229,539 213,224\$ 229,539 \$ 213,224

STATEMENTS OF REVENUES, EXPENSES AND OTHER CHANGES IN NET ASSETS

Modified Cash Basis

For the Years Ended December 31

2018

2017

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
SUPPORT AND REVENUE						
Campaign Contributions	\$ 147,413	\$ 32,500	\$ 179,913	\$ 136,765	\$	\$ 136,765
Other Contributions	254,772		254,772	237,899		237,899
Donated Goods	1,949,111		1,949,111	2,032,074		2,032,074
	<u>2,351,296</u>	<u>32,500</u>	<u>2,383,796</u>	<u>2,406,738</u>		<u>2,406,738</u>
Other Revenue						
Interest	<u>130</u>		<u>130</u>	<u>79</u>		<u>79</u>
Net Assets Released from Restriction	<u>3,310</u>	<u>(3,310)</u>	<u>—</u>			<u>—</u>
Total Support and Revenue	<u>2,354,736</u>	<u>29,190</u>	<u>2,383,926</u>	<u>2,406,817</u>		<u>2,406,817</u>
EXPENSES						
Program Expenses	2,215,091		2,215,091	2,299,867		2,299,867
Management and General	93,014		93,014	53,602		53,602
Fundraising	59,506		59,506	56,555		56,555
Total Expenses	<u>2,367,611</u>		<u>2,367,611</u>	<u>2,410,024</u>		<u>2,410,024</u>
CHANGE IN NET ASSETS	(12,875)	29,190	16,315	(3,207)		(3,207)
Net Assets, Beginning of Year	213,224		213,224	216,431		216,431
NET ASSETS, END OF YEAR	\$ 200,349	\$ 29,190	\$ 229,539	\$ 213,224	\$ —	\$ 213,224

See accompanying notes and accountants' report.

STATEMENTS OF FUNCTIONAL EXPENSES

Modified Cash Basis

For the Year Ended December 31, 2018

	Program	Management and General	Fundraising	Total Expenses
Salaries and Wages	\$ 128,696	\$ 54,016	\$ 26,487	\$ 209,199
Payroll Taxes	9,845	4,132	2,027	16,004
Bank Charges		472		472
Advertising	906	905	905	2,716
Campaign Expense			3,500	3,500
Depreciation and Amortization	27,066	1,447	709	29,222
Donations		254		254
Dues and Subscriptions		4,242		4,242
Education		399		399
Insurance	1,044	517	215	1,776
Repairs, Equipment and Maintenance	15,881			15,881
Miscellaneous		2,444		2,444
Office Expense	2,206	926	454	3,586
Office Supplies	3,268	1,371	672	5,311
Payroll Service Fees		213		213
Postage and Delivery			5,078	5,078
Printing and Reproduction	2,036		4,750	6,786
Professional Fees	15,104	13,839	10,109	39,052
Promotional Expense			2,260	2,260
Rent	15,120	540	2,340	18,000
Pantry Food and Supplies	1,989,854			1,989,854
Telephone	4,065	452		4,517
Volunteer Appreciation		6,845		6,845
TOTAL EXPENSES	\$ 2,215,091	\$ 93,014	\$ 59,506	\$ 2,367,611

STATEMENTS OF FUNCTIONAL EXPENSES (Continued)

Modified Cash Basis

For the Year Ended December 31, 2017

	Program	Management and General	Fundraising	Total Expenses
Salaries and Wages	\$ 135,248	\$ 29,402	\$ 31,361	\$ 196,011
Payroll Taxes	10,350	2,700	1,950	15,000
Bank Charges		242		242
Advertising		1,930		1,930
Campaign Expense			3,128	3,128
Depreciation and Amortization	29,716	998	931	31,645
Donations		89		89
Dues and Subscriptions		1,409		1,409
Education		464		464
Insurance	1,977	220		2,197
Repairs, Equipment and Maintenance	14,015			14,015
Miscellaneous			110	110
Office Expense	3,884	432		4,316
Office Supplies	5,063	563		5,626
Payroll Service Fees		216		216
Postage and Delivery			10,049	10,049
Printing and Reproduction	1,771		4,133	5,904
Professional Fees	19,345	4,087	3,814	27,246
Promotional Expense			1,079	1,079
Rent	16,200	1,800		18,000
Pantry Food and Supplies	2,059,845			2,059,845
Telephone	2,453	273		2,726
Volunteer Appreciation		8,777		8,777
TOTAL EXPENSES	\$ 2,299,867	\$ 53,602	\$ 56,555	\$ 2,410,024

STATEMENTS OF CASH FLOWS

Modified Cash Basis

For the Years Ended December 31

2018**2017**CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets

\$ 16,315\$ (3,207)Adjustments to Reconcile Change in Net Assets to
Net Cash Provided by Operating Activities

Depreciation

27,943

29,091

Amortization

1,279

2,554

Donated Stock

(9,675)

(10,096)

Proceeds from Sale of Donated Stock

—10,096

Total Adjustments

19,54731,645

Net Cash Provided by Operating Activities

35,862

28,438

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of Property and Equipment

(6,413)—

NET INCREASE IN CASH

29,449

28,438

Cash and Cash Equivalents, Beginning

123,62095,182CASH AND CASH EQUIVALENTS, ENDING**\$ 153,069**\$ 123,620SUPPLEMENTAL DISCLOSURE OF
CASH FLOW INFORMATION

Noncash Operating Activities

Donated Goods

\$ 1,949,111**\$ 2,032,074**

NOTES TO FINANCIAL STATEMENTS

NOTE 1—ORGANIZATION ACTIVITIES

The Glen Ellyn Food Pantry (the Organization) is an Illinois not-for-profit corporation which provides groceries to families in need. The Organization is sponsored by 14 churches located in Glen Ellyn and receives contributions from members of these various churches and donations of food and pantry supplies from businesses, which represent the Organization's primary source of revenue. One business contributed in-kind donations which represents 12% in 2018 and 13% in 2017 of total support and revenue.

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of management who is responsible for their integrity and objectivity.

BASIS OF ACCOUNTING

The accompanying financial statements have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than U. S. 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 obligations are incurred. In addition, property and equipment and intangibles have been capitalized and depreciated/amortized.

FINANCIAL STATEMENT PRESENTATION

The financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in the Accounting Standards Codification (ASC) topic related to *Financial Statements of Not-for-Profit Organizations*. Under the Codification, the Organization is required to report information regarding its financial position and activities, based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Without donor restriction - Net assets that are not subject to donor-imposed stipulations plus those resources for which temporarily donor-imposed stipulations have been satisfied. Net assets without donor restriction may be designated by action of the Board of Directors.

With donor restriction - Net assets are subject to donor-imposed stipulations that may or will be met either by actions of the Organization (purpose restrictions) and/or the passage of time (time restrictions). As the restrictions are satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the accompanying financial statements as net assets released from restrictions.

Revenues are reported as increases in net assets without donor restriction unless use of the related asset is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restriction.

NOTES TO FINANCIAL STATEMENTS

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**CASH AND CASH EQUIVALENTS**

The Organization considers all highly-liquid investments purchased with original maturities of three months or less to be cash equivalents. Cash equivalents consist of money market funds.

INVESTMENTS

The Organization follows the provisions of the FASB codification for accounting for investments held by not-for-profit organizations. This standard requires that investments in marketable securities be accounted for at fair value. Fair value is based on quoted market prices. Realized gains and losses are the differences between the proceeds received and the cost of investments sold. Unrealized gains and losses are the differences between the fair value and the cost of investments and are included in earnings. Investments consist of donated common stock, which was not sold as of December 31, 2018.

PROPERTY AND EQUIPMENT

Property and equipment purchases of \$500 or more are stated at cost when purchased or fair value as of the date of the gift, if donated. Depreciation is calculated on the straight-line method over the estimated useful lives of the assets or the life of the lease for leasehold improvements as follows:

<u>Asset</u>	<u>Years</u>
Furniture and Equipment.....	3 – 7
Leasehold Improvements	5
Office Equipment.....	5

INTANGIBLE ASSETS

The IT infrastructure is stated at the cost of design and is amortized using the straight-line method over five years. These intangibles were fully amortized in 2018.

RECOGNITION OF SUPPORT AND REVENUES

The Organization accounts for contributions received and unconditional promises to give under the provisions of the FASB Codification topic related to contributions made and received. In accordance with the Codification, contributions are recognized as support revenue when received. Unconditional promises to give are recognized when received at the estimated present value of future cash flows, net of allowances. Contributions received are recorded as support with or without donor restriction, depending on the existence and/or nature of any donor restrictions. When a donor restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with time or purpose restriction are reclassified to net assets without donor restriction and reported in the statements of activities as net assets released from restrictions.

NOTES TO FINANCIAL STATEMENTS

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

DONATED GOODS

The Organization reports the fair value of gifts of donated food and other supplies as public support without restriction and, shortly thereafter, as expense when distributed to families in need. During the year ended December 31, 2018, the Organization received and distributed approximately 708,768 pounds of donated goods valued at \$1,949,111. During the year ended December 31, 2017, the donated goods accounted for approximately 738,936 pounds valued at \$2,032,074. The amounts are included in donated goods on the statements of revenues, expenses and other changes in net assets, and in pantry food and supplies on the statements of functional expenses. The approximate average value of one pound of donated goods for 2018 and 2017 was determined to be \$2.75 per pound.

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 affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing various programs and other activities are presented on a functional basis in the statements of activities. Accordingly, certain expenses have been allocated among the programs and supporting services benefited, based on direct charges or appropriate methods determined by management. These allocation methods include allocation of personnel and any other costs deemed to be related to time and efforts expended by employees on the different functional categories and allocation of occupancy and related costs using space utilization percentages occupied by the various functions.

INCOME TAX STATUS

The Organization is a not-for-profit organization and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is similarly classified by the State of Illinois. Accordingly, the accompanying financial statements do not reflect income tax expense. The Organization files its form 990 in the federal jurisdiction. The Organization is exempt from filing with the office of the Illinois Attorney General due to its religious affiliation status.

The Organization follows the guidance in the FASB Codification topic related to uncertainty in income taxes which prescribes a comprehensive model for recognizing, measuring, presenting and disclosing in the financial statements uncertain tax positions that the Organization has taken or expects to take in its tax returns. Under the guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is "more likely than not" that it is sustainable, based on its technical merits. The tax benefits recognized in the financial statements from such a position should be measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with a taxing authority having full knowledge of all relevant information. The Organization believes that it has appropriate support for the positions taken on its returns.

NOTES TO FINANCIAL STATEMENTS

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ACCOUNTING PRONOUNCEMENTS

In February 2016, the Financial Accounting Standards Board (FASB) issued ASU No. 2016-02, *Leases*, which will supersede the current lease requirements in ASC 840. The ASU requires lessees to recognize a right-of-use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases will be classified as either finance or operating, with the classification affecting the pattern of expense recognition in the statement of activities. Currently, leases are classified as either capital or operating, with only capital leases recognized on the statements of financial position. The reporting of lease-related expenses in the statements of activities and cash flows will be generally consistent with the current guidance. The new lease guidance will be effective for the Organization's year ending December 31, 2020 and will be applied using a modified retrospective transition method to the beginning of the earliest period presented. The lease standard is expected to increase assets and lease liabilities upon adoption and there is not expected to be a significant impact on expenses or cash flows.

The Organization adopted Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which was issued by the Financial Accounting Standards Board (FASB) in August 2016 and was effective for the Organization's year ended December 31, 2018. ASU No. 2016-14 required significant changes to the financial reporting model of organizations that follow the FASB not-for-profit rules, including changing from three classes of net assets to two classes: net assets with donor restrictions and net assets without donor restrictions; changes in the way certain information is aggregated and reported by the organization, including required disclosures about the liquidity and availability of resources; and a statement of functional expenses with required disclosure of the allocation methodology. The new standard was applied on a retrospective basis. Other than these additional disclosures and name changes, no additional revisions were required.

NOTE 3—LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, are comprised of the following at December 31, 2018:

Cash and Cash Equivalents.....	\$	153,069
Investments.....		9,675
Donor Restricted Net Assets.....		(29,190)
	\$	<u>133,554</u>

As part of its liquidity management plan, the Organization has a policy of maintaining sufficient cash to meet at least three months of normal operating needs.

NOTES TO FINANCIAL STATEMENTS

NOTE 4—PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	<u>2018</u>	<u>2017</u>
Furniture and Fixtures	\$ 10,711	\$ 10,711
Leasehold Improvements	91,215	91,215
Office Equipment.....	<u>56,321</u>	<u>49,908</u>
	158,247	151,834
Less Accumulated Depreciation	<u>91,452</u>	<u>63,509</u>
	<u>\$ 66,795</u>	<u>\$ 88,325</u>
Depreciation Expense.....	<u>\$ 27,943</u>	<u>\$ 29,091</u>

NOTE 5—INTANGIBLE ASSETS

	<u>2018</u>	<u>2017</u>
IT Infrastructure	\$ 12,772	\$ 12,772
Less Accumulated Amortization.....	<u>12,772</u>	<u>11,493</u>
	<u>\$ -</u>	<u>\$ 1,279</u>
Amortization Expense	<u>\$ 1,279</u>	<u>\$ 2,554</u>

NOTE 6—NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions of \$23,021 are available to use for a new facility and \$6,169 for shelving, tables, carts, and refrigeration units as of December 31, 2018. In 2018, net assets of \$1,979 and \$1,331 were released from restriction by incurring expenses that met the donor's restriction towards securing a lease for a new facility, and for tables and carts, respectively.

There were no net assets with donor restrictions during 2017.

NOTE 7—OPERATING LEASE

The Organization leases space in one of its sponsoring churches on a month-to-month basis. Rent expense was \$18,000 for 2018 and 2017.

NOTE 8—RECLASSIFICATIONS

Certain prior year amounts have been reclassified to conform to current year presentation.

NOTES TO FINANCIAL STATEMENTS

NOTE 9—SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 11, 2019, the date which the financial statements were available for issue. On May 15, 2019, the Organization entered into a forty-five year lease of a property, which will be used as its new facility after remodeling. The lease includes extension options for five consecutive ten-year terms and calls for nominal base rent payments of \$55 annually, plus repair and maintenance costs. There were no other subsequent events which require disclosure.