

North Liberty Community Pantry

Financial Statements

December 31, 2019 and 2018



**North Liberty Community Pantry
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Independent Accountant's Review Report

Board of Directors
North Liberty Community Pantry

We have reviewed the accompanying financial statements of North Liberty Community Pantry, which comprise the statements of assets and net assets – modified cash basis as of December 31, 2019 and 2018, and the related statements of revenues, 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. A review includes primarily applying analytical procedures to management's financial data and making inquiries of 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 the company uses 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.

Accountant's Responsibility

Our responsibility is to conduct the review engagements 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.

Accountant's 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 of 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.

Bergankdv, Ltd.

Waterloo, Iowa
June 8, 2020

North Liberty Community Pantry
Statements of Assets and Net Assets - Modified Cash Basis
As of December 31, 2019 and 2018

	2019	2018
Assets		
Cash	\$ 204,297	\$ 172,132
Beneficial interest in assets held by Community Foundation	371,554	312,102
Property and equipment		
Equipment	55,934	49,427
Leasehold improvements	22,770	22,770
Total	78,704	72,197
Less accumulated depreciation	41,510	30,328
Net property and equipment	37,194	41,869
Total assets	\$ 613,045	\$ 526,103
Net Assets		
Without donor restrictions		
Operations	\$ 109,865	\$ 17,923
Board designated - operating reserve	138,264	138,030
Board designated - equipment reserve	28,583	28,583
Net investment in property and equipment	37,194	41,869
Total unrestricted	313,906	226,405
With donor restrictions	299,139	299,698
Total net assets	\$ 613,045	\$ 526,103

North Liberty Community Pantry
Statements of Revenues, Expenses, and Changes in Net Assets - Modified Cash Basis
Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Net assets without donor restrictions		
Revenues, gains and other support		
Contributions	\$ 178,676	\$ 160,420
Grants	52,294	60,523
Gross special events revenue, less cost of direct benefit to donors	57,134	50,563
Investment return, net	60,159	(20,375)
Net assets released from restrictions	4,199	24,502
Total revenues, gains and other support	<u>352,462</u>	<u>275,633</u>
 Expenses		
Program services		
Pantry	111,887	124,811
Summer lunch	4,945	7,243
Classes	6,415	13,029
Garden	18,953	22,266
Back to School Bash	16,916	4,921
Management and general	73,727	68,588
Fundraising	32,118	30,785
Total expenses	<u>264,961</u>	<u>271,643</u>
 Assets transferred to Community Foundation	<u>-</u>	<u>(50,000)</u>
 Change in net assets without donor restrictions	<u>87,501</u>	<u>(46,010)</u>
 Net assets with donor restrictions		
Assets transferred to Community Foundation	-	50,000
Contributions and grants	3,640	20,096
Net assets released from restrictions	<u>(4,199)</u>	<u>(24,502)</u>
 Change in net assets with donor restrictions	<u>(559)</u>	<u>45,594</u>
 Change in net assets	86,942	(416)
 Net assets, beginning of year	<u>526,103</u>	<u>526,519</u>
 Net assets, end of year	<u>\$ 613,045</u>	<u>\$ 526,103</u>

See accompanying notes and accountant's report.

North Liberty Community Pantry
Statement of Functional Expenses - Modified Cash Basis
Year Ended December 31, 2019

	Programs					Management and General	Fundraising	Total Expenses
	Pantry	Summer Lunch	Classes	Garden	Back to School Bash			
Wages and related expenses	\$ 35,065	\$ 4,574	\$ 4,574	\$ 16,770	\$ 12,197	\$ 50,311	\$ 28,966	\$ 152,457
Cost of product purchased	53,700	-	545	-	4,144	-	-	58,389
Professional fees	-	-	-	-	-	5,937	-	5,937
Consulting	-	-	-	70	-	1,680	-	1,750
Supplies	1,158	132	245	214	146	1,464	82	3,441
Utilities	6,220	-	361	451	-	1,713	270	9,015
Equipment and facilities	4,555	-	270	858	-	7,114	282	13,079
Transportation	1,033	103	52	155	181	697	362	2,583
Volunteer support	76	-	-	-	-	2,456	-	2,532
Marketing	769	-	33	100	-	1,572	869	3,343
Miscellaneous	364	24	-	-	24	-	840	1,252
Total expenses before depreciation	<u>102,940</u>	<u>4,833</u>	<u>6,080</u>	<u>18,618</u>	<u>16,692</u>	<u>72,944</u>	<u>31,671</u>	<u>253,778</u>
Depreciation	<u>8,947</u>	<u>112</u>	<u>335</u>	<u>335</u>	<u>224</u>	<u>783</u>	<u>447</u>	<u>11,183</u>
Total expenses	<u>\$ 111,887</u>	<u>\$ 4,945</u>	<u>\$ 6,415</u>	<u>\$ 18,953</u>	<u>\$ 16,916</u>	<u>\$ 73,727</u>	<u>\$ 32,118</u>	<u>\$ 264,961</u>

See accompanying notes and accountant's report.

North Liberty Community Pantry
Statement of Functional Expenses - Modified Cash Basis
Year Ended December 31, 2018

	Programs					Management and General	Fundraising	Total Expenses
	Pantry	Summer Lunch	Classes	Garden	Back to School Bash			
Wages and related expenses	\$ 44,722	\$ 5,771	\$ 11,541	\$ 15,869	\$ 4,328	\$ 34,624	\$ 27,411	\$ 144,266
Cost of product purchased	61,908	1,263	-	-	-	-	-	63,171
Professional fees	-	-	-	-	-	5,696	-	5,696
Consulting	-	-	-	-	-	1,523	-	1,523
Supplies	771	-	55	120	83	1,002	454	2,485
Utilities	6,230	-	389	876	195	1,752	292	9,734
Equipment and facilities	-	-	351	4,283	-	17,712	-	22,346
Transportation	1,043	27	348	722	53	187	294	2,674
Volunteer support	-	-	-	-	-	3,926	-	3,926
Marketing	410	27	-	27	-	410	1,858	2,732
Miscellaneous	1,176	48	24	48	48	1,008	48	2,400
Total expenses before depreciation	<u>116,260</u>	<u>7,136</u>	<u>12,708</u>	<u>21,945</u>	<u>4,707</u>	<u>67,840</u>	<u>30,357</u>	<u>260,953</u>
Depreciation	<u>8,551</u>	<u>107</u>	<u>321</u>	<u>321</u>	<u>214</u>	<u>748</u>	<u>428</u>	<u>10,690</u>
Total expenses	<u>\$ 124,811</u>	<u>\$ 7,243</u>	<u>\$ 13,029</u>	<u>\$ 22,266</u>	<u>\$ 4,921</u>	<u>\$ 68,588</u>	<u>\$ 30,785</u>	<u>\$ 271,643</u>

North Liberty Community Pantry
Notes to Financial Statements

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Business Activity

The North Liberty Community Pantry (the Organization) is an unincorporated nonprofit association affiliated with the First United Methodist Church of North Liberty (the Church). The Organization operates as an outreach ministry of the Church and provides food and clothing to individuals and families in need. The Organization has a 9,600 square foot garden to help feed pantry clients and educate the community about the health benefits of growing their own food.

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 generally accepted accounting principles. That basis differs from accounting principles generally accepted in the United States of America primarily because the Organization does not recognize unconditional promises to give, accounts payable, and in-kind revenue and expenses.

Property and Equipment

Property and equipment are carried at cost with depreciation computed under the straight-line method over the economic useful lives of the assets. All acquisitions of property and equipment in excess of \$5,000 are capitalized.

Beneficial Interest in Assets Held by Community Foundation

The Organization has an account with the Community Foundation of Johnson County (the Foundation), which is held in a permanent designated agency endowment fund, for the benefit of the Organization. The transactions with the Foundation are deemed to be reciprocal, and therefore, the fair value of the fund held by the Foundation is recognized as an asset (beneficial interest in assets held by community foundation) by the Organization.

Net Assets

Net assets, revenues, gains, and other support 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 grantor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and future capital expenditures.

Net Assets with Donor Restrictions – Net assets subject to donor or grantor-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. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

North Liberty Community Pantry
Notes to Financial Statements

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

A group ruling determination letter has been issued to The United Methodist Church Group (UMC), which includes the Church. UMC is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes pursuant to Section 501(a) of the Code.

Revenue and Revenue Recognition

The Organization recognizes contributions when cash, securities, or other assets are received.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. The financial statements report certain categories of expense 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 that are allocated include depreciation, utilities, facilities and transportation, which are allocated based on building and van usage, wages, purchases, supplies, and marketing, which are allocated based on estimates of time spent on each program.

In-Kind Product and Donated Services

During the years ended December 31, 2019 and 2018, the Organization received 323,728 and 335,018 pounds, respectively, of food with a total value of approximately \$524,000 and \$563,000, respectively. The Organization also received donated rent (see Note 5) during 2019 and 2018.

The Organization generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific assistance programs, fundraising, and various committee assignments. The Organization received approximately 9,300 and 8,800 volunteer hours for the years ended December 31, 2019 and 2018, respectively.

Subsequent Events

Management has evaluated subsequent events through June 8, 2020, the date which the financial statements were available for issue.

**North Liberty Community Pantry
Notes to Financial Statements**

NOTE 2 – LIQUIDITY AND AVAILABILITY

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 as of December 31, 2019 and 2018:

	2019	2018
Cash	\$ 204,297	\$ 172,132
Less: Donor-imposed restrictions	19,139	19,698
Financial assets available with one year	\$ 185,158	\$ 152,314

Occasionally, the Board of Directors designates a portion of net assets to operating and equipment reserves, which were \$166,847 and \$166,613 as of December 31, 2019 and 2018, respectively.

The Organization has funds available at the Community Foundation of Johnson County (the Foundation). These funds are invested for long-term appreciation but are available at the discretion of the Foundation.

NOTE 3 – DESIGNATED AGENCY ENDOWMENT FUND

The Organization has a beneficial interest in assets held by the Foundation in the amount of \$371,554 and \$312,102 as of December 31, 2019 and 2018, respectively, which represents funds previously transferred to the Foundation by the Organization and the earnings thereon. The Organization has granted variance power to the Foundation in the event the Organization terminates or ceases to exist as a legal entity. The Foundation holds these transfers and third-party contributions to the Foundation on behalf of the Organization in a fund (the Fund). The Fund is available to support the Organization's operations. During 2018, the Organization transferred \$50,000 to the Fund. As of December 31, 2019 and 2018, the Fund had a total of \$407,847 and \$339,707, respectively. No amounts were distributed to the Organization from the Foundation for the years ended December 31, 2019 and 2018.

NOTE 4 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes or periods:

	2019	2018
Program restrictions	\$ 19,139	\$ 19,698
Beneficial interest in assets of the Foundation	280,000	280,000
	\$ 299,139	\$ 299,698

North Liberty Community Pantry
Notes to Financial Statements

NOTE 5 – RELATED PARTY TRANSACTIONS

The Church hires the employees utilized by the Organization. For the years ended December 31, 2019 and 2018, the Organization reimbursed the Church \$152,457 and \$144,266, respectively, for wages and related expenses.

The Organization and the Church have a shared-use agreement for the Organization's building. The Church is the owner and is legally responsible for the building. The Organization is the sole occupant and is responsible for the day-to-day operations, including utilities and repairs. The agreement began on July 1, 2014 and will continue for 10 years with an automatic renewal on an annual basis. The Organization shall not be required to pay the Church rent for the Organization's use of the building. For each of the years ended December 31, 2019 and 2018, the Organization received \$36,000 of in-kind rent. The Church may request the Organization to reimburse the Church for insurance premiums related to the building. The Organization did not make any reimbursements for the years ended December 31, 2019 and 2018.

NOTE 6 – RECLASSIFICATION

Certain reclassifications have been made to the prior year's financial statements, as previously reported, in order to conform them to the current year's presentation.

NOTE 7 – SUBSEQUENT EVENTS

The outbreak of COVID-19 (the coronavirus) subsequent to December 31, 2019, has caused operational disruptions to many businesses around the world. The extent of the impact may be both direct and indirect and will vary based on the duration of the outbreak, an entity's location, industry, and customer and supplier diversification. In addition, financial markets have deteriorated significantly resulting in an adverse impact on investment portfolios. An estimate of the effect the outbreak may have on the Organization's financial statements cannot be determined at this time.